

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Ashland Inc.
(Exact name of Registrant as specified in its charter)

Kentucky 61-0122250
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

50 E. RiverCenter Boulevard
P.O. Box 391
Covington, KY 41012-0391
(859) 815-3333
(Address, including zip code, and telephone number, including area code, of
Registrant's principal executive offices)

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of agent for service)

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Approximate date of commencement of proposed sale to public: From time to time after the effective date of this Registration Statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

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

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If delivery of the prospectus is expected to be made pursuant to Rule 434 under the Securities Act of 1933, please check the following box.

(Calculation of Registration Fee on Next Page)

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered(1)	Amount to be Registered(2)	Proposed Maximum Offering Price Per Unit(3)(4)	Proposed Maximum Aggregate Offering Price(4)(5)	Amount of Registration Fee(6)
Debt Securities, Debt Warrants, Preferred Stock, Depositary Shares, Preferred Stock Warrants, Common Stock and related Rights and Common Stock Warrants.....	--	--	\$300,000,000	\$75,000

(1) This Registration Statement also covers (i) Debt Securities, Preferred Stock and Common Stock and related Rights which may be issued upon exercise of Securities Warrants and (ii) such indeterminate amount of securities as may be issued in exchange for or upon conversion of, as the case may be, the securities registered hereunder. In addition, any other securities registered hereunder may be sold separately or as units with other securities registered hereunder.

(2) In no event will the aggregate initial offering price of Debt Securities, Debt Warrants, Preferred Stock, Depositary Shares, Preferred Stock Warrants, Common Stock and related Rights and Common Stock Warrants issued under this Registration Statement exceed \$300,000,000, or the equivalent thereof in one or more foreign currencies or composite currencies.

(3) Not specified as to each class of securities to be registered pursuant to General Instruction II.D of Form S-3 under the Securities Act of 1933.

(4) The proposed maximum offering price per unit will be determined from time to time by the Registrant in connection with, and at the time of, the issuance by the Registrant of the securities registered hereunder.

(5) Estimated solely for the purposes of computing the registration fee pursuant to Rule 457(o) of the Securities Act of 1933.

(6) The prospectus included in this Registration Statement also relates to \$251,500,000 in Debt Securities, Debt Warrants, Preferred Stock, Depositary Shares, Preferred Stock Warrants, Common Stock and Common Stock Warrants previously registered pursuant to Registration Statement No. 333-36888. A registration fee of \$66,396 was paid in connection with Registration Statement No. 333-36888, all of which related to such securities. The Prospectus included in this Registration Statement also relates to \$48,500,000 in Debt Securities, Debt Warrants, Preferred Stock, Depositary Shares, Preferred Stock Warrants, Common Stock and Common Stock Warrants previously registered pursuant to Registration Statement No. 333-70651. A registration fee of \$64,304 was paid in connection with Registration Statement No. 333-70651, of which \$12,125 related to such Securities. In the event that any such previously registered securities are offered and sold prior to the effective date of this Registration Statement, the amount of such securities so offered and sold will not be included in a prospectus hereunder.

Pursuant to Rule 429 under the Securities Act of 1933, the prospectus included in this Registration Statement also relates to the securities of the Registrant previously registered under the Registrant's Registration Statement on Form S-3 (No. 333-36888) and Registration Statement on Form S-3 (No. 333-70651). This Registration Statement constitutes Post-Effective Amendment No. 1 to the Registrant's Registration Statement on Form S-3 (No. 333-36888) and Post-Effective Amendment No. 2 to the Registrant's Registration Statement on Form S-3 (No. 333-70651).

Pursuant to Rule 429 of the rules and regulations of the Commission under the Securities Act of 1933, the prospectus included in this Registration Statement is a combined prospectus and relates to the Registration Statement on Form S-3 (No. 333-36888) and the Registration Statement on Form S-3 (No. 333-70651).

The information in this prospectus and the accompanying prospectus supplement is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and are not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION DATED SEPTEMBER 7, 2001

PROSPECTUS SUPPLEMENT TO PROSPECTUS DATED , 2001

U.S. \$350,000,000

Ashland Inc.
50 E. RiverCenter Boulevard
P.O. Box 391
Covington, Kentucky 41012-0391
(859) 815-3333

Medium-Term Notes, Series K
Due Nine Months or more from Date of Issue

Ashland Inc. may offer from time to time up to \$350,000,000 aggregate principal amount of its Medium-Term Notes, Series K. Each note will mature on a date nine months or more from its date of original issuance. Unless we specify otherwise in the applicable pricing supplement to this prospectus supplement, we will pay interest on fixed rate notes on each February 15 and August 15 and at maturity. We will pay interest on floating rate notes on the dates specified in the applicable pricing supplement. Notes may contain optional redemption provisions or may obligate us to repay at the option of the holder. Generally, there will not be a sinking fund. We will establish and the pricing supplement will describe the specific terms of each note.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Price to Public -----	Agents' Commissions -----	Proceeds to Ashland Inc. -----
Per Note	100%	.125%--.750%	99.875%--99.250%
Total(1) U.S.\$350,000,000		\$437,500--\$2,625,000	\$349,562,500--\$347,375,000

(1)Or the equivalent in other currencies or currency units.

We are offering the notes on a continuing basis through Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc., Salomon Smith Barney Inc., and Banc of America Securities LLC, which are acting as agents. Each agent has agreed to use reasonable efforts to solicit offers to purchase the notes. We may also sell notes at or above par to any agent, acting as principal, for a commission as set forth in the table above. The notes will not be listed on any securities exchange. You cannot be assured that the notes offered by this prospectus supplement will be sold or that there will be a secondary market for the notes.

Credit Suisse First Boston
JPMorgan

Salomon Smith Barney
Banc of America Securities LLC

The date of this prospectus supplement is , 2001.

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You should rely only on the information incorporated by reference or provided in this prospectus supplement, the attached prospectus and the attached pricing supplement. We have authorized no one to provide you with different or additional information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus supplement, the attached prospectus or the attached pricing supplement is accurate as of any date other than the date on the front of the applicable document. Our business, financial condition and prospects may have changed since that date.

ABOUT THIS PROSPECTUS SUPPLEMENT; PRICING SUPPLEMENTS

We may use this prospectus supplement, together with the attached prospectus and an attached pricing supplement, to offer our senior Medium-Term Notes, Series K, at various times. The total initial public offering price of notes that may be offered by use of this prospectus supplement is \$350,000,000 (or the equivalent in foreign or composite currencies).

This prospectus supplement sets forth certain terms of the notes that we may offer. It supplements the description of the debt securities and senior securities contained in the attached prospectus. If information in this prospectus supplement is inconsistent with the prospectus, this prospectus supplement will apply and will supersede that information in the prospectus.

Each time we issue notes we will attach a pricing supplement to this prospectus supplement. The pricing supplement will contain the specific description of the notes being offered and the terms of the offering. The pricing supplement may also add, update or change information in this prospectus supplement or the attached prospectus. Any information in the pricing supplement, including any changes in the method of calculating interest on any note, that is inconsistent with this prospectus supplement will apply and will supersede that information in this prospectus supplement.

It is important for you to read and consider all information contained in this prospectus supplement and the attached prospectus and pricing supplement in making your investment decision. You should also read and consider the information in the documents we have referred you to in "Where You Can Find More Information About Ashland" on page 3 of the attached prospectus.

DESCRIPTION OF THE NOTES

General

The following summary of certain terms of the notes is not complete. You should refer to the senior indenture with U.S. Bank National Association, as trustee, under which the notes will be issued, a copy of which has been filed as an exhibit to the registration statement. The definitions of certain capitalized terms used in this prospectus supplement are provided in the glossary beginning on page S-22. A number of terms used but not defined in this prospectus supplement (including the glossary) have the same meanings as in the indenture.

The notes will be "senior securities" as described in the attached prospectus. The notes will constitute one series of senior securities issued under the indenture. They will have the same rank as all of our other senior securities. See "Description of Debt Securities" in the attached prospectus.

We will offer the notes on a continuing basis. Each note will mature nine months or more from its date of issue, as agreed between us and the initial purchaser.

We will not redeem any note prior to the redemption date fixed at the time of sale and set forth in the attached pricing supplement. If the pricing supplement does not indicate a redemption date for a note, we will not redeem the note before its stated maturity. Unless the attached pricing supplement indicates otherwise, on or after any indicated redemption date, we may, at our option, redeem the related note wholly or partially in increments of \$1,000. If we choose to redeem the note, we will do so at the redemption price described in the attached pricing supplement, together with interest payable to the date of redemption. We must give notice of this redemption not more than 60 nor less than 30 days prior to the redemption date. The notes will not have a sinking fund unless the attached pricing supplement specifies otherwise.

We may provide that any note will be repayable at the holder's option, at the times and on the terms and conditions set forth in the note and described in the attached pricing supplement.

The notes may bear interest at (a) a fixed rate or (b) a floating rate. Interest on floating rate notes will be determined, and adjusted periodically, using an interest rate basis or quotation, adjusted by any spread or spread multiplier. See "Interest and Interest Rates" below.

Unless the attached pricing supplement specifies otherwise, the notes will be denominated in U.S. dollars and payments of principal of and interest on the notes will be made in U.S. dollars. If denominated in U.S. dollars, the notes will be issued in denominations of \$1,000 and multiples of \$1,000 greater than \$1,000. The attached pricing supplement will set forth the authorized denominations of notes not denominated in U.S. dollars and additional information. This information would include any exchange rate information, relevant for these notes and notes for which principal, premium, if any, and interest may be payable at the holder's or our option in a denomination different from that of the note. See "Special Provisions Relating to Foreign Currency Notes" below.

Each note will be issued in fully registered form without coupons. Each note will be issued either in definitive form as a certificate or in global form and deposited with or on behalf of DTC, as depositary, in book-entry form as described in the attached prospectus under the caption "Description of Debt Securities--Global Securities". Unless the attached pricing supplement specifies otherwise, each note will be issued in book-entry form. Beneficial interests in a book-entry note will be shown on records maintained by DTC or its participants. Transfers of the beneficial interests can only be effected through those records. Holders may not exchange book-entry notes for certificated notes and book-entry notes will not generally be issuable in definitive form. The attached prospectus describes the exceptions to this. We will make payments of principal, any premium and interest on book-entry notes to DTC or its nominee. DTC and its participants will make payments to beneficial owners of interests in book-entry notes. A further description of the depositary's procedures regarding global securities representing book-entry notes is set forth in the attached prospectus under "Description of Debt Securities--Global Securities". DTC has confirmed to the agents, the trustee and us that it intends to follow those procedures.

You may present certificated notes for registration of transfer or exchange at the corporate trust office of U.S. Bank National Association located at 425 Walnut Street, Sixth Floor, Cincinnati, Ohio 45202. Unless the attached pricing supplement indicates otherwise, we will make payments of principal, premium, if any, and interest on certificated notes in immediately available funds at the paying agent's office located at 425 Walnut Street, Sixth Floor, Cincinnati, Ohio 45202, or another office or agency we may choose. However, we will make payments in these funds only if the certificated notes are presented to the paying agent in time for the paying agent to make the payments through normal procedures. At our option, we may pay interest on the certificated notes by check to the person in whose name a certificated note is registered at the close of business on the applicable regular record date before each interest payment date. This option does not apply for interest payable at maturity. However, certain holders will be entitled to receive the payments by wire transfer of immediately available funds to an account maintained by that holder with a bank located in the U.S. These holders include any holders of \$10,000,000 or more in aggregate principal amount of notes denominated and payable in U.S. dollars with the same interest payment date. To take this option, these holders must provide appropriate payment instructions in writing to the trustee on or before the relevant regular record date.

We have initially designated U.S. Bank National Association, acting through its principal corporate trust office in located at 425 Walnut Street, Cincinnati, Ohio 42505, as paying agent for the certificated notes.

Except as described in the attached prospectus under the heading "Certain Rights to Require Purchase of Securities by Ashland Upon Unapproved Change in Control and Decline in Debt Rating", the indenture does not contain any covenants or provisions designed to protect the holders of the notes if we enter into a transaction that adversely affects our debt-to-equity ratio.

For a description of the rights attaching to different series of debt securities under the indenture, see "Description of Debt Securities" in the prospectus.

Interest and Interest Rates

The applicable pricing supplement will designate whether a particular note is a fixed rate note or a floating rate note. In the case of a floating rate note, the attached pricing supplement will also specify whether the note will bear interest based on the commercial paper rate, the prime rate, LIBOR, the Treasury rate, the Federal funds rate, the CD rate or on another interest rate quotation set forth in the attached pricing supplement. In addition, a floating rate note may bear interest at the lowest, highest or average of two or more interest rate quotations.

We will select an interest rate or interest rate quotations for each issue of notes based on market conditions at the time of issuance. In doing so, we will take into account, among other things, expectations concerning the level of interest rates that will prevail during the period the notes will be outstanding, the relative attractiveness of the interest rate or interest rate quotation to prospective investors and our financial needs. Unless the attached pricing supplement provides otherwise, U.S. Bank National Association will be the calculation agent with respect to the floating rate notes.

We may change the interest rates, or interest rate quotations at various times. No such change will affect any note already issued or for which we have accepted an offer to purchase.

The rate of interest on floating rate notes will reset daily, weekly, monthly, quarterly, semi-annually or annually. The interest reset dates will be specified in the attached pricing supplement and on the face of each note. In addition, the pricing supplement will specify any spread, spread multiplier, maximum interest rate or minimum interest rate that applies for a floating rate note. The pricing supplement relating to an offering of notes may also specify, where applicable, the calculation dates, index maturity, initial interest rate, interest determination dates, interest payment dates, interest reset dates and regular record dates with respect to each note. See "Glossary" on beginning page S-22 for definitions of the above terms. The interest rate on the notes will in no event be higher than the maximum rate permitted by applicable law. Under New York law in effect on the date of this prospectus supplement, the maximum annual interest rate on a simple interest basis is 25%. The limit may not apply to notes in which \$2,500,000 or more has been invested.

Each interest bearing note will accrue interest from and including the date of issue or the most recent interest payment date for which interest has been paid or provided. The notes will bear interest until the principal is paid or made available for payment. We will make any interest payments in the amount of interest accrued in the manner described up to but excluding the applicable interest payment date.

We will pay any interest at each interest payment date and at maturity. See "Description of Debt Securities--Payment and Paying Agents" in the prospectus. We will pay interest to the person in whose name a note is registered at the close of business on the regular record date preceding the interest payment date. However, we will pay interest at maturity to the person to whom principal is payable. For book-entry notes, this person will be the depository for both kinds of payments. Interest on a note will be payable on the first interest payment date following its date of issue. However, if the date of a note's issue is on or after the regular record date for that interest payment date, interest will be payable beginning on the second interest payment date following the note's issue.

Fixed Rate Notes

The applicable pricing supplement relating to a fixed rate note will designate a fixed annual interest rate payable on the fixed rate note. Unless the attached pricing supplement indicates otherwise, the interest payment dates for the fixed rate notes will be February 15 and August 15 of each year and at maturity. The regular record dates for the fixed rate notes will be the February 1 and August 1 preceding the February 15 and August 15 interest payment dates. Unless the attached pricing supplement indicates otherwise, interest on fixed rate notes will be computed on the basis of a 360-day year of twelve 30-day months.

Floating Rate Notes

Upon the request of a registered holder of a floating rate note, the calculation agent will provide the interest rate then in effect. The calculation agent will also provide any new interest rate that will become effective as a result of a determination the calculation agent has made on the most recent interest determination date with respect to that floating rate note.

The calculation agent will calculate accrued interest on a floating rate note by multiplying the principal amount of the note by an accrued interest factor. The calculation agent will compute the accrued interest factor by adding the interest factors calculated for each day in the accrual period. Unless the attached pricing supplement specifies otherwise, the calculation agent will compute the interest factor for each day by dividing the interest rate for that day by (a) the actual number of days in the year, in the case of treasury rate notes or (b) 360, in the case of all other floating rate notes.

The interest rate on a floating rate note in effect on any day will be (a) if the day is an interest reset date, the interest rate with respect to the interest determination date for that interest reset date, or (b) if the day is not an interest reset date, the interest rate with respect to the interest determination date for the preceding interest reset date. However, the interest rate on a floating rate note from its issue date up to but not including the first interest reset date for the note will be the initial interest rate set forth in the attached pricing supplement. The interest rate is subject to adjustment by any spread or a spread multiplier and to any maximum interest rate or minimum interest rate limitation. However, the interest rate for the ten calendar days prior to the date of maturity will be the one in effect on the tenth calendar day before maturity.

All percentages resulting from any calculation of floating rate notes will be rounded to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655), and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all dollar amounts used in or resulting from this calculation will be rounded to the nearest cent (with one-half cent being rounded upwards).

Commercial Paper Rate Notes. Commercial paper rate notes will bear interest at the interest rates (calculated with reference to the commercial paper rate and any spread or spread multiplier) specified on the face of the commercial paper rate note and in the attached pricing supplement.

Unless the attached pricing supplement indicates otherwise, the "commercial paper rate" for any commercial paper interest determination date is the money market yield of the rate on that date for commercial paper having the index maturity specified in the pricing supplement as published in H.15(519) prior to 3:00 P.M., New York City time, on the calculation date relating to that commercial paper interest determination date under the heading "Commercial Paper--Nonfinancial".

The following procedures will be followed if the commercial paper rate cannot be determined as described above:

- . If the above rate is not published in H.15(519) by 3:00 P.M., New York City time, on the calculation date, the commercial paper rate will be the money market yield of the rate on that commercial paper rate interest determination date for commercial paper having the index maturity designated in the pricing supplement, as published in H.15 Daily Update under the heading "Commercial Paper--Nonfinancial".
- . If that rate is not published in H.15 Daily Update by 3:00 P.M., New York City time, on the calculation date, then the calculation agent will determine the commercial paper rate to be the money market yield of the average of certain offered rates of three leading dealers of commercial paper in New York City as of 11:00 A.M., New York City time, on that commercial paper rate interest determination date. These offered rates will be for commercial paper having the index maturity specified in the pricing supplement for a non-financial issuer whose bond rating is "Aa", or the equivalent, from a nationally recognized rating agency. The calculation agent will select the three dealers referred to above, which may include the agents or their affiliates.
- . If fewer than three dealers selected by the calculation agent are quoting as mentioned above, the commercial paper rate will be the commercial paper rate in effect on that commercial paper rate interest determination date.

Prime Rate Notes. A prime rate note will bear interest at the interest rate (calculated with reference to the prime rate and any spread or spread multiplier) specified on the face of the prime rate note and in the attached pricing supplement.

Unless the attached pricing supplement indicates otherwise, the "prime rate" for any prime rate interest determination date is the prime rate on that date, as published in H.15(519) by 3:00 P.M., New York City time, on the calculation date relating to that prime rate interest determination date under the heading "Bank Prime Loan".

The following procedures will be followed if the prime rate cannot be determined as described above:

- . If the above rate is not published in H.15(519) by 3:00 P.M., New York City time, on the calculation date, then the prime rate will be the rate on that prime rate interest determination date as published in H.15 Daily Update opposite the caption "Bank Prime Loan".
- . If that rate is not published in H.15 Daily Update by 3:00 P.M., New York City time, on the calculation date, then the calculation agent will determine the prime rate to be the average of certain interest rates publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page. For each bank, those announced rates will be that bank's prime rate or base lending rate in effect for that prime rate interest determination date at 11:00 A.M. New York City time.
- . If fewer than four of those rates appear on the Reuters Screen USPRIME1 Page for that prime rate interest determination date, then the prime rate will be the average of the announced prime rates quoted (on the basis of the actual number of days in the year divided by 360) by at least three major money

center banks in New York City as of the close of business on that prime rate interest determination date. The calculation agent will select the banks referred to above, which may include the agents or their affiliates.

- . If fewer than two quotations are provided as mentioned in the previous item, the prime rate will be determined on the basis of the rates furnished in New York City by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any state. These substitute banks must have total equity capital of at least \$500 million and subject to supervision or examination by Federal or state authority. The calculation agent will select the banks or trust companies referred to above.
- . If the banks or trust companies described in the previous item are not quoting as mentioned above, the prime rate will be the prime rate in effect on that prime rate interest determination date.

LIBOR Notes. A LIBOR note will bear interest at the interest rate (calculated with reference to LIBOR and any spread or spread multiplier) specified on the face of the LIBOR note and in the attached pricing supplement.

Unless the attached pricing supplement indicates otherwise, the calculation agent will determine LIBOR as follows:

On each LIBOR rate interest determination date:

- . If "LIBOR Reuters" is specified in the attached pricing supplement, LIBOR will be the average of certain offered rates for deposits in the index currency having the index maturity specified in the pricing supplement beginning on the applicable interest reset date. Those rates will be the ones which appear on the designated LIBOR page as of 11:00 A.M., London time, on that LIBOR rate interest determination date, if at least two of those offered rates appear on the designated LIBOR page. If the designated LIBOR page provides only for a single rate, that single rate will be used regardless of the foregoing provisions requiring more than one rate.
- . If "LIBOR Telerate" is specified in the attached pricing supplement, LIBOR will be a certain rate for deposits in the index currency having the index maturity specified in the pricing supplement beginning on that interest reset date. That rate will be the one which appears on the designated LIBOR page as of 11:00 A.M., London time, on that LIBOR rate interest determination date.
- . If neither "LIBOR Reuters" nor "LIBOR Telerate" is specified in the attached pricing supplement as the method for calculating LIBOR, LIBOR will be calculated as if "LIBOR Telerate" had been specified.

On any LIBOR rate interest determination date on which fewer than two of those offered rates appear or no rate appears, as applicable, on the designated LIBOR page, the calculation agent will determine LIBOR as follows:

- . LIBOR will be determined on the basis of the offered rates at which deposits in the index currency having the index maturity specified in the applicable pricing supplement beginning on the applicable interest reset date and in a principal amount that is representative for a single transaction in that index currency in that market at that time by four major banks in the London interbank market (which may include the agents or their affiliates) at approximately 11:00 A.M., London time, on that LIBOR rate interest determination date to prime banks in the London interbank market. The calculation agent will select the four banks and request the principal London office of each of those banks to provide a quotation of its rate. If at least two quotations are provided, LIBOR on that LIBOR rate interest determination date will be the average of those quotations.
- . If fewer than two of those quotations are provided as mentioned above, LIBOR on that LIBOR rate interest determination date will be the average of the rates quoted at approximately 11:00 A.M., in the

applicable principal financial center, on that LIBOR rate interest determination date by three major banks in that principal financial center (which may include the agents or their affiliates) for loans in the index currency to leading European banks, having the index maturity specified in the applicable pricing supplement and in a principal amount representative for a single transaction in that index currency in that market at that time. The calculation agent will select the three banks referred to above.

- . If the banks selected by the calculation agent are not quoting as mentioned above, LIBOR will be LIBOR in effect on the LIBOR rate interest determination date.

Treasury Rate Notes. A Treasury rate note will bear interest at the interest rate (calculated with reference to the Treasury rate and any spread or spread multiplier) specified on the face of the Treasury rate note and in the attached pricing supplement.

Unless the attached pricing supplement indicates otherwise, "Treasury rate" for any Treasury rate interest determination date means a certain rate from the most recent auction of direct obligations of the United States ("Treasury bills") having the index maturity specified in the pricing supplement. That rate will be the one that appears on the display designated as page 56 or the display designated as page 57 on the Dow Jones Telerate Service under the heading "AVGE INVEST YIELD".

The following procedures will be followed if the Treasury rate cannot be determined as described above:

- . If the above rate is not displayed on the relevant page by 3:00 P.M., New York City time, on the calculation date, the Treasury rate will be the auction average rate for that auction as otherwise announced by the United States Department of the Treasury. The auction average rate will be expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis.
- . If the results of the auction of Treasury bills having the index maturity specified in the pricing supplement are not published or reported as provided above by 3:00 P.M., New York City time, on the calculation date, or if no auction is held in a particular week, then the Treasury rate will be the rate as published in H.15(519) under the heading "U.S. Government Securities/Treasury Bills/Secondary Market".
- . If the rate described in the previous item is not published by 3:00 P.M., New York City time, on the calculation date, then the calculation agent will determine the Treasury rate to be a yield to maturity of the average of certain secondary market bid rates, as of approximately 3:30 P.M., New York City time, on that Treasury rate interest determination date. The bid rates will be those of three leading primary U.S. government securities dealers in New York City for the issue of Treasury bills with a remaining maturity closest to the index maturity specified in the pricing supplement. The rates will be expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis. The calculation agent will select the three dealers referred to above, which may include the agents or their affiliates.
- . If fewer than three dealers selected by the calculation agent are quoting as mentioned above, the Treasury rate will be the Treasury rate in effect on that Treasury rate interest determination date.

Federal Funds Rate Notes. A Federal funds rate note will bear interest at the interest rate calculated with reference to the Federal funds rate and any spread or spread multiplier, as specified on the face of the Federal funds rate note and in the attached pricing supplement.

Unless the attached pricing supplement indicates otherwise, the "Federal funds rate" for any Federal funds rate interest determination date is the rate on that day for Federal funds as published in H.15(519) prior to 3:00 P.M., New York City time, on the calculation date relating to that Federal funds rate interest determination date under the heading "Federal Funds (Effective)".

The following procedures will be followed if the Federal funds rate cannot be determined as described above:

- . If the above rate is not published in H.15(519) by 3:00 P.M., New York City time, on the calculation date, the Federal funds rate will be the rate on that Federal funds rate interest determination date for U.S. dollar Federal funds, as published in H.15 Daily Update under the heading "Federal Funds (Effective)".
- . If that rate is not published in H.15 Daily Update by 3:00 P.M., New York City time, on the calculation date, then the calculation agent will determine the Federal funds rate to be the average of certain rates for the last transaction in overnight Federal funds as of 9:00 A.M., New York City time, on that Federal funds rate interest determination date. The rates will be ones arranged by three leading brokers of Federal funds transactions in New York City. The calculation agent will select the three brokers referred to above.
- . If fewer than three brokers selected by the calculation agent are quoting as mentioned above, the Federal funds rate will be the Federal funds rate in effect on that Federal funds rate interest determination date.

CD Rate Notes. A CD rate note will bear interest at the interest rate (calculated with reference to the CD rate and any spread or spread multiplier) specified in the CD rate note and in the attached pricing supplement.

Unless the attached pricing supplement indicates otherwise, the 'CD rate' for any CD rate interest determination date is the rate on that date for negotiable certificates of deposit having the index maturity specified in the pricing supplement, as published in H.15(519) prior to 3:00 P.M., New York City time, on the calculation date relating to that CD rate interest determination date under the heading "CDs (Secondary Market)".

The following procedures will be followed if the CD rate cannot be determined as described above:

- . If the above rate is not published by 3:00 P.M., New York City time, on the calculation date, the CD rate will be the rate on that CD rate interest determination date for negotiable certificates of deposit of the index maturity specified in the pricing supplement as published in H.15 Daily Update under the caption "CDS (Secondary Market)".
- . If that rate is not published in H.15 Daily Update by 3:00 P.M., New York City time, on the calculation date, then the calculation agent will determine the CD rate to be the average of certain secondary market offered rates as of 10:00 A.M., New York City time, on that CD rate interest determination date. The offered rates will be ones quoted by three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City. The dealers will provide quoted rates for negotiable certificates of deposit in a denomination of \$5,000,000 of major U.S. money market banks of the highest credit standing (in the market for negotiable certificates of deposit) with a remaining maturity closest to the index maturity designated in the applicable pricing supplement. The calculation agent will select the three dealers referred to above.
- . If fewer than three dealers are quoting as mentioned above, the CD rate will be the CD rate in effect on that CD rate interest determination date.

Indexed Notes

We may issue notes as indexed notes, as indicated in the attached pricing supplement. Holders of indexed notes may receive a principal amount at maturity that is greater than or less than the face amount of the notes depending upon the fluctuation of the relative value, rate or price of the specified index. The attached pricing supplement will describe specific information relating to the method for determining the principal amount payable at maturity, a historical comparison of the relative value, rate or price of the specified index and the face amount of the indexed note and certain additional tax considerations.

Other Provisions; Addenda

Any provisions relating to any note may be modified as specified under "Other Provisions" on the face of that note or in an addendum relating to that note. These provisions might include the determination of an interest rate basis, the calculation of the interest rate applicable to a floating rate note, and the specification of one or more interest rate bases, the interest payment dates, the maturity, any early redemption provisions, or any other variable term relating to that note.

SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES

General

Unless the attached pricing supplement indicates otherwise, the notes will be denominated in U.S. dollars and we will make payments of principal of and interest on the notes in U.S. dollars. If we designate any of the notes to be denominated in a currency or currency unit other than U.S. dollars the following provisions will apply. These provisions are in addition to and, where inconsistent, replace the description of general terms and provisions of notes set forth in the attached prospectus and elsewhere in this prospectus supplement. We refer below to any currency or currency unit designated in this manner as the "specified currency."

Notes not denominated in U.S. dollars are issuable in registered form only, without coupons. The pricing supplement will specify the denominations for particular foreign currency notes.

Unless the attached pricing supplement provides otherwise, you are required to pay the purchase price of foreign currency notes in immediately available funds.

Notes denominated in specified currencies other than euros will not be sold in, or to residents of, the country of the specified currency in which particular notes are denominated unless the pricing supplement specifies otherwise.

Currencies

Unless the attached pricing supplement specifies otherwise, you are required to pay for foreign currency notes in the specified currency. At the present time there are limited facilities in the United States for the conversion of U.S. dollars into the specified currencies and vice versa, and banks do not generally offer non-U.S. dollar checking or savings accounts in the United States. However, you may ask the agent who presented your offer to purchase foreign currency notes to us to use its reasonable best efforts to arrange for the exchange of U.S. dollars into the relevant specified currency to enable you to pay for the notes. You must make this request on or before the third business day preceding the delivery date for the note or by a later date if allowed by the agent. Each exchange will be made on the terms and conditions established by the agent in accordance with its regular foreign exchange practices and you will pay for all related costs.

The attached pricing supplement will contain specific information about the foreign currency or currency units in which a particular foreign currency note is denominated, including historical exchange rates and a description of the currency and any exchange controls.

Payment of Principal and Interest

We will pay the principal of and interest on foreign currency notes in U.S. dollars. However, unless the attached pricing supplement specifies otherwise, the holder of a foreign currency note may elect to receive the payments in the specified currency as described below. The exchange rate agent will determine the rate of conversion for all payments of principal of and interest on foreign currency notes to U.S. dollars. "Exchange rate agent" means the agent appointed by us to make those determinations. Unless the pricing supplement specifies otherwise, the exchange rate agent will be U.S. Bank National Association.

Unless the attached pricing supplement specifies otherwise, any U.S. dollar amount to be received by a holder of a foreign currency note will be based on the following:

- . The highest bid quotation in New York City received by the exchange rate agent at approximately 11:00 A.M., New York City time, on the second business day preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the exchange rate agent or an agent) for the purchase by the quoting dealer of the specified currency for U.S. dollars for settlement on that payment

date in the aggregate amount of the specified currency payable to all holders of foreign currency notes scheduled to receive U.S. dollar payments and at which the applicable dealer commits to execute a contract. The exchange rate agent will select and we will approve that selection of the three dealers referred to above.

- . If fewer than three of these bid quotations are available, payments will be made in the specified currency.

The holder of the foreign currency note will bear all of these currency exchange costs through payment deductions.

Unless the attached pricing supplement specifies otherwise, a holder of foreign currency notes may elect to receive payment of the principal of and interest on the notes in the specified currency by transmitting a request for the payment to the corporate trust department of U.S. Bank National Association in Cincinnati, Ohio, on or before the regular record date or at least sixteen days before maturity, as the case may be. The request must be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. If a holder elects to receive all principal and interest payments in the specified currency that holder need not file a separate election for each payment. The election will remain in effect until revoked by written notice to U.S. Bank National Association in Cincinnati, Ohio. Written notice of any revocation of this kind must be received by U.S. Bank National Association in Cincinnati, Ohio on or before the regular record date or at least sixteen days before maturity, as the case may be. Holders of foreign currency notes held in the name of a broker or nominee should contact that broker or nominee to determine whether and how an election to receive payments in the specified currency may be made.

We will pay interest on and principal of foreign currency notes paid in U.S. dollars in the manner specified in the attached prospectus and elsewhere in this prospectus supplement. Interest on foreign currency notes paid in the specified currency will be paid by a check drawn on an account maintained at a bank outside the United States, unless other arrangements have been made. The principal and interest due at maturity of foreign currency notes paid in the specified currency will be paid in immediately available funds by wire transfer to an account maintained with a bank outside the United States designated at least sixteen days before maturity by the holders. However, those foreign currency notes must be presented to the trustee or the paying agents designated in the attached pricing supplement to allow time for payment. Any payment of principal or interest required to be made on an interest payment date or at maturity of a foreign currency note that is not a business day may be made instead on the following business day. In this case, no interest will accrue for the period from and after the interest payment date or maturity.

Payment Currency

At various times, a specified currency may not be available for the payment of principal or interest with respect to a foreign currency note due to the imposition of exchange controls or other circumstances beyond our control. If this is the case, we will be entitled to satisfy our obligations to holders of foreign currency notes by making the payment in U.S. dollars on the basis of the market exchange rate on the date of payment, or if the market exchange rate is not available at that time, on the basis of the most recently available market exchange rate.

UNITED STATES TAXATION

General

This section summarizes the material U.S. tax consequences to holders of notes. It represents the views of our tax counsel, Cravath, Swaine & Moore. However, the discussion is limited in the following ways:

- . The discussion only covers you if you buy your notes in the initial offering.
- . The discussion only covers you if you hold your notes as a capital asset (that is, for investment purposes), and if you do not have a special tax status.
- . The discussion does not cover tax consequences that depend upon your particular tax circumstances. You should consult your tax advisor about the consequences of holding notes in your particular situation.
- . The discussion is based on current law. Changes in the law may change the tax treatment of the notes.
- . The discussion does not cover state, local or foreign law.
- . The discussion does not cover every type of note that we might issue. If we intend to issue a note of a type not described in this summary, additional tax information will be provided in the pricing supplement for the note.
- . The discussion does not apply to you if you are a non-U.S. holder of notes and if you (a) own 10% or more of the voting stock of the company, (b) are a "controlled foreign corporation" with respect to the company, or (c) are a bank making a loan in the ordinary course of its business.
- . We have not requested a ruling from the Internal Revenue Service on the tax consequences of owning the notes. As a result, the IRS could disagree with portions of this discussion.

If you are considering buying notes, you should consult your tax advisors about the tax consequences of holding the notes in your particular situation.

Tax Consequences to U.S. Holders

- . This section applies to you if you are a "U.S. Holder". A "U.S. Holder" is:
 - . an individual U.S. citizen or resident alien;
 - . a corporation, or entity taxable as a corporation, that was created under U.S. law (Federal or state); or
 - . an estate or trust whose world-wide income is subject to U.S. Federal income tax.

If a partnership holds notes, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding notes should consult their tax advisors.

Interest. The tax treatment of interest paid on the notes depends upon whether the interest is "Qualified Stated Interest."

"Qualified Stated Interest" is any interest that meets all the following conditions:

- . It is payable at least once each year.
- . It is payable over the entire term of the note.
- . It is payable at a single fixed rate or under a single formula.
- . The note has a maturity of more than one year from its issue date.

If any interest on a note is Qualified Stated Interest, then

- . If you are a cash method taxpayer (including most individual holders), you must report that interest in your income when you receive it.
- . If you are an accrual method taxpayer, you must report that interest in your income as it accrues.
- . If any interest on a note is not Qualified Stated Interest, it is subject to the rules for original issue discount ('OID') described below.

Determining Amount of OID. Notes that have OID are subject to additional tax rules. The amount of OID on a note is determined as follows:

- . The amount of OID on a note is the "stated redemption price at maturity" of the note minus the "issue price" of the note. If this amount is negative, there is no OID.
- . The "stated redemption price at maturity" of a note is the total amount of all principal and interest payments to be made on the note, other than Qualified Stated Interest. In a typical case where all interest is Qualified Stated Interest, the stated redemption price at maturity is the same as the principal amount.
- . The "issue price" of a note is the first price at which a substantial amount of the notes are sold to the public.
- . Under a special rule, if the OID determined under the general formula is very small, it is disregarded and not treated as OID. This disregarded OID is called "de minimis OID". If all the interest on a note is Qualified Stated Interest, this rule applies if the amount of OID is less than the following items multiplied together: (a) .25% (1/4 of 1%), (b) the number of full years from the issue date to the maturity date of the note, and (c) the principal amount.

Accrual of OID Into Income. If a note has OID, the following consequences arise:

- . A holder must include the total amount of OID as ordinary income over the life of the note.
- . All holders of notes, even those on the cash method of accounting, must include OID in income as the OID accrues on the notes. This means that holders are required to report OID income, and in some cases pay tax on that income, before they receive the cash that corresponds to that income.
- . OID accrues on a note on a "constant yield" method. This method takes into account the compounding of interest. Under this method, the accrual of OID on a note, combined with the inclusion into income of any Qualified Stated Interest on the note, will result in the holder being taxable at approximately a constant percentage of the unrecovered investment in the note.
- . The accruals of OID on a note will generally be less in the early years and more in the later years.
- . If any of the interest paid on the note is not Qualified Stated Interest, that interest is included in the stated redemption price at maturity and taken into account as OID. It is not separately taxed when it is paid to the holder.
- . Your tax basis in the note is initially your cost. It increases by any OID you report as income. It decreases by any principal payments you receive on the note, and by any interest payments you receive that are not Qualified Stated Interest.

Notes Subject to Additional Tax Rules. Additional or different tax rules apply to several types of notes that we may issue.

Short-Term Notes: We may issue notes with a maturity of one year or less. These are referred to as "short-term notes."

- . No interest on these notes is Qualified Stated Interest. Otherwise, the amount of OID is calculated in the same manner as described above.
- . Certain elections apply to the method of accrual of OID on short-term notes over the life of the notes.
- . Accrual method taxpayers and certain others, such as banks and securities dealers, must include OID in income as it accrues.
- . If you are a cash method taxpayer not subject to the accrual rule described above, you do not include OID in income until you actually receive payments on the note. Alternatively, you can elect to include OID in income as it accrues.

- . Two special rules apply if you are a cash method taxpayer and you do not include OID in income as it accrues. First, if you sell the note or it is paid at maturity, and you have a taxable gain, then the gain is ordinary income to the extent of the accrued OID on the note at the time of the sale that you have not yet taken into income. Second, if you borrow money (or, in certain circumstances, do not repay outstanding debt) to acquire or hold the note, then while you hold the note you cannot deduct any interest on the borrowing that corresponds to accrued OID on the note until you include the OID in your income.

Floating Rate Notes: Floating rate notes are subject to special OID rules.

- . If the interest rate is based on a single fixed formula based on objective financial information (which may include a fixed interest rate for the initial period if the value of the floating note on the issue date is intended to approximate the fixed rate), all the interest will be Qualified Stated Interest. The amount of OID (if any), and the method of accrual of OID, will then be calculated by converting the note's initial floating rate into a fixed rate and by applying the general OID rules described above.
- . If the note has more than one formula for interest rates, it is possible that the combination of interest rates might create OID. You should consult your tax advisor concerning the OID accruals on such a note.

Foreign Currency Notes: Special tax rules apply to foreign currency notes:

- . If you are a cash method taxpayer, you will be taxed on the U.S. dollar value of any foreign currency you receive as interest. The dollar value will be determined as of the date when you receive the payments.
- . If you are an accrual method taxpayer, you must report interest income as it accrues. You can use the average foreign currency exchange rate during the relevant interest accrual period (or, if that period spans two taxable years, during the portion of the interest accrual period in the relevant taxable year). In this case, you will make an adjustment (which will constitute ordinary income or loss rather than interest income or expense) upon receipt of the foreign currency to reflect actual exchange rates at that time. Certain alternative elections may also be available.
- . Any OID on foreign currency notes will be determined in the relevant foreign currency. All holders must accrue OID in the same manner that an accrual basis holder accrues interest income, as described in the previous paragraphs.
- . Your initial tax basis in a foreign currency note is the amount of U.S. dollars you pay for the note (or, if you pay in foreign currency, the value of that foreign currency on the purchase date). Adjustments are made to reflect OID and other items as described above.
- . If you collect foreign currency upon the maturity of the note, or if you sell the note for foreign currency, your gain or loss will be based on the U.S. dollar value of the foreign currency you receive. For a publicly traded foreign currency note, this value is determined for cash basis taxpayers on the settlement date for the sale of the note, and for accrual basis taxpayers on the trade date for the sale (although such taxpayers can also elect the settlement date). You will then have a tax basis in the foreign currency equal to the value reported on the sale.
- . Any gain or loss on the sale or retirement of a note will be ordinary income or loss to the extent it arises from currency fluctuations between your purchase date and sale date. Any gain or loss on the sale of foreign currency will also be ordinary income or loss.

Other Categories of Notes: Additional rules may apply to certain other categories of notes. The pricing supplement for these notes may describe these rules. In addition, you should consult your tax advisor in these situations. These categories of notes include:

- . Notes with contingent payments;

- . Notes that can be put to the company by the holder before their maturity;
- . Notes that are callable by the company before their maturity, other than typical calls at a premium;
- . Indexed notes with an index tied to currencies; and
- . Notes that are extendable at the option of the company or the holder.

Premium and Discount. Additional special rules apply in the following situations involving discount or premium:

- . If you buy a note in the initial offering for more than its stated redemption price at maturity, the excess amount you pay will be "bond premium". You can elect to use bond premium to reduce your taxable interest income over the life of your note.
- . Similarly, if a note has OID and you buy it in the initial offering for more than the issue price, the excess (up to the total amount of OID) is called "acquisition premium". The amount of OID you are required to include in income will be reduced by this amount over the life of the note.
- . If you buy a note in the initial offering for less than the initial offering price to the public, special rules concerning "market discount" may apply.

Appropriate adjustments to tax basis are made in these situations. Holders in these situations should consult their tax advisors.

Accrual Election. You can elect to be taxed on the income from the note in a different manner than described above. Under the election:

- . No interest is Qualified Stated Interest.
- . You include amounts in income as it economically accrues to you. The accrual of income is in accordance with the constant yield method, based on the compounding of interest. The accrual of income takes into account stated interest, OID (including de minimis OID), market discount, and premium.
- . Your tax basis is increased by all accruals of income and decreased by all payments you receive on the note.
- . If you are considering making this election with respect to a note, you should consult your tax advisor concerning the consequences of making the election (including the effect on other debt instruments you hold).

Sale or Retirement of Notes. On your sale or retirement of your note:

- . You will have taxable gain or loss equal to the difference between the amount received by you and your tax basis in the note. Your tax basis in the note is your cost, subject to certain adjustments.
- . Your gain or loss will generally be capital gain or loss, and will be long term capital gain or loss if you held the note for more than one year.
- . If (a) you purchased the note with de minimis OID, (b) you did not make the election to accrue all OID into income, and (c) you receive the principal amount of the note upon the sale or retirement, then you will generally have capital gain equal to the amount of the de minimis OID.
- . If you sell the note between interest payment dates, a portion of the amount you receive reflects interest that has accrued on the note but has not yet been paid by the sale date. That amount is treated in the same manner as interest and not as sale proceeds.
- . All or part of your gain may be ordinary income rather than capital gain in certain cases. These cases include sales of short-term notes, notes with market discount, notes with contingent payments, or foreign currency notes.

Information Reporting and Backup Withholding. Under the tax rules concerning information reporting to the IRS:

- . Assuming you hold your notes through a broker or other securities intermediary, the intermediary must provide information to the IRS concerning interest, OID and retirement proceeds on your notes, unless an exemption applies.
- . Similarly, unless an exemption applies, you must provide the intermediary with your Taxpayer Identification Number for its use in reporting information to the IRS. If you are an individual, this is your social security number. You are also required to comply with other IRS requirements concerning information reporting.
- . If you are subject to these requirements but do not comply, the intermediary must withhold tax at the rates specified in the Code (currently 30.5%) of all amounts payable to you on the notes (including principal payments). If the intermediary withholds payments, you may use the withheld amount as a credit against your federal income tax liability.
- . All individual U.S. Holders are subject to these requirements. Some U.S. Holders, including all corporations, tax-exempt organizations and individual retirement accounts, are exempt from these requirements.

Tax Consequences to Non-U.S. Holders

This section applies to you if you are a "Non-U.S. Holder." A "Non-U.S. Holder" is:

- . an individual that is a nonresident alien;
- . a corporation organized or created under non-U.S. law; or
- . an estate or trust that is not taxable in the U.S. on its worldwide income.

Withholding Taxes. Generally, payments of principal and interest on the Notes will not be subject to U.S. withholding taxes.

However, for the exemption from withholding taxes to apply to you in the case of interest, you must meet one of the following requirements:

- . You provide your name, address, and a signed statement that you are the beneficial owner of the Note and are not a U.S. Holder. This statement is generally made on Form W-8BEN.
- . You hold your Notes directly through a "qualified intermediary", and the qualified intermediary has sufficient information in its files indicating that you are not a U.S. Holder. A qualified intermediary is a bank, broker or other intermediary that (1) is either a U.S. or non-U.S. entity, (2) is acting out of a non-U.S. branch or office and (3) has signed an agreement with the IRS providing that it will administer all or part of the U.S. tax withholding rules under specified procedures.
- . You or your agent claim an exemption from withholding tax under an applicable tax treaty. This claim is generally made on Form W-8BEN.
- . You or your agent claim an exemption from withholding tax on the ground that the income is effectively connected with the conduct of a trade or business in the United States. This claim is generally made on Form W-8ECI.

You should consult your tax advisor about the specific methods for satisfying these requirements. A claim for exemption will not be valid if the person receiving the applicable form knows or has reason to know that the statements on the form are false.

Even if you comply with these conditions, withholding tax might arise if the amount of interest payable on a note is based on the earnings or other attributes of the company. If this exception applies, additional information will be provided in the applicable pricing supplement.

Sale or Retirement of Notes. If you sell a note or it is redeemed, you will not be subject to federal income tax on any gain unless one of the following applies:

- . The gain is connected with a trade or business that you conduct in the United States.
- . You are an individual, you are present in the United States for at least 183 days during the year in which you dispose of the note, and certain other conditions are satisfied.
- . The gain represents accrued interest or OID, in which case the rules for interest would apply.

U.S. Trade or Business. If you hold your note in connection with a trade or business that you are conducting in the United States:

- . Any interest on the note, and any gain from disposing of the note, generally will be subject to income tax as if you were a U.S. Holder.
- . If you are a corporation, you may be subject to the "branch profits tax" on your earnings that are connected with your U.S. trade or business, including earnings from the note. This tax is 30%, but may be reduced or eliminated by an applicable income tax treaty.

Estate Taxes. If you are an individual, your notes will not be subject to U.S. estate tax when you die. However, this rule only applies if, at your death, payments on the notes were not connected to a trade or business that you were conducting in the United States and none of the interest payable on the note is based on the earnings as other attributes of the company.

Information Reporting and Backup Withholding. U.S. rules concerning information reporting and backup withholding are described above. These rules apply to Non-U.S. Holders as follows:

- . Principal and interest payments you receive will be automatically exempt from the usual rules if you provide the tax certifications needed to avoid withholding tax on interest, as described above. The exemption does not apply if the recipient of the applicable form knows or has reason to know that the form is false. In addition, interest payments made to you will be reported to the IRS on Form 1042-S.
- . Sale proceeds you receive on a sale of your notes through a broker may be subject to information reporting and/or backup withholding if you are not eligible for an exemption. In particular, information reporting and backup reporting may apply if you use the U.S. office of a broker, and information reporting (but not backup withholding) may apply if you use the foreign office of a broker that has certain connections to the United States. You should consult your tax advisor concerning information reporting and backup withholding on a sale.

PLAN OF DISTRIBUTION

Under the terms of a distribution agreement, a form of which is attached as an exhibit to the registration statement, we will offer the notes on a continuing basis through Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc., Salomon Smith Barney Inc., and Banc of America Securities LLC, as our agents, each of which has agreed to use reasonable efforts to solicit purchases of the notes. Unless the applicable pricing supplement indicates otherwise, we will pay a commission to the agents. We will have the sole right to accept offers to purchase notes and may reject any offer, in whole or in part. Each agent will have the right, in its discretion reasonably exercised, without notice to us, to reject any offer to purchase notes received by it, in whole or in part.

We also may sell notes at or above par to any agent, acting as principal, for a commission equivalent to that set forth on the cover page of this prospectus supplement. The notes may be resold at market prices prevailing at the time of resale, at prices related to those prevailing market prices, at a fixed offering price or at negotiated prices, as determined by that agent. We also may sell notes at or above par to any agent or to a group of underwriters for whom an agent acts as representative. We may do this for a commission to be agreed at the time of sale, for resale to one or more investors or purchasers at a fixed offering price or at varying prices prevailing at the time of resale, at prices related to those prevailing market prices at the time of the resale or at negotiated prices. Notes purchased by an agent or by a group of underwriters may be resold to certain securities dealers for resale to investors or to certain other dealers. Dealers may receive compensation in the form of commissions from the agents and/or from the purchasers for whom they may act as agents. Unless the applicable pricing supplement specifies otherwise, any compensation allowed by any agent to any of these dealers shall not be in excess of the commission received by that agent from us. After the initial public offering of notes to be resold to investors and other purchasers on a fixed public offering price basis, the public offering price and commission may be changed.

We have reserved the right to sell notes directly on our own behalf. We also may accept but not solicit offers to purchase notes through additional agents on substantially the same terms and conditions (including commission rates) as would apply to purchases of notes under the distribution agreement. In addition, we have reserved the right to appoint additional agents for the purpose of soliciting offers to purchase notes. Those additional agents will be named in the applicable pricing supplement. No commission will be payable on any notes sold directly by us.

We will pay each agent a commission of from .125% to .750% of the principal amount of each note, depending on its stated maturity, sold through that agent.

The following table summarizes the compensation to be paid to the agents by us.

	Total	
	Per Note	Minimum Maximum

Commissions paid by Ashland.....	.125%-.750%	\$437,500 \$2,625,000
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We estimate that we will incur expenses of \$230,000 in connection with this program.

The agents and any dealers to whom the agents may sell notes may be deemed to be "underwriters" within the meaning of the Securities Act of 1933. We have agreed to indemnify the agents against certain liabilities, including civil liabilities under the Securities Act of 1933, or contribute to payments which the agents may be required to make in this regard. We have agreed to reimburse the agents for certain expenses.

Unless the applicable pricing supplement indicates otherwise, you must pay for notes, other than foreign currency notes in funds immediately available in New York City. For payment of the purchase price of foreign currency notes, see 'Description of the Notes--Foreign Currency Notes' above.

The notes are a new issue of securities with no established trading market and will not be listed on any securities exchange. No assurance can be given as to the existence or liquidity of the secondary market for the notes.

The agents may engage in over-allotment, stabilizing transactions and syndicate covering transactions and may impose penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934. Over-allotment involves syndicate sales in excess of the offering size, which creates a syndicate short position. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Penalty bids permit the agents to reclaim a selling concession from a syndicate member when the notes originally sold by that syndicate member are purchased in a syndicate covering transaction to cover syndicate short positions. These stabilizing transactions, syndicate covering transactions and penalty bids may cause the price of the notes to be higher than it would otherwise be in the absence of the transactions. These transactions, if commenced, may be discontinued at any time.

In the ordinary course of their respective businesses, the agents and their affiliates have engaged, and may in the future engage, in commercial banking and/or investment banking transactions with us and our affiliates.

LEGAL OPINIONS

Opinions regarding the validity of the notes being offered will be issued for us by Cravath, Swaine & Moore, New York, New York (who will rely as to matters of Kentucky law upon the opinion of David L. Hausrath, Esq., our Vice President and General Counsel), and for the agents by Davis Polk & Wardwell, New York, New York. In these opinions, certain assumptions will be made regarding future action required to be taken by us and the trustee in connection with the issuance and sale of any particular notes, the specific terms of those notes and other matters which may affect the validity of notes but which cannot be ascertained on the date of the relevant opinions. Cravath, Swaine & Moore has in the past represented and continues to represent us in other matters on a regular basis. Samuel C. Butler is a director of ours and a partner in the law firm of Cravath, Swaine & Moore and, as of the date of this prospectus supplement, owns beneficially 74,009 shares of our common stock (includes stock options exercisable within 60 days and common stock units held in our deferred compensation plan). As of the date of this prospectus supplement, David L. Hausrath owns beneficially 40,481 shares of our common stock (includes stock options exercisable within 60 days and common stock units held in our deferred compensation plan).

GLOSSARY

Set forth below are definitions of some of the terms used in this prospectus supplement and not defined in the attached prospectus.

'business day' means any day, other than a Saturday or Sunday, that meets each of the following applicable requirements. The day is:

(a) not a day on which banking institutions are authorized or required by law or regulation to be closed in New York City;

(b) with respect to foreign currency notes (other than foreign currency notes denominated in euro only), not a day on which banking institutions are authorized or required by law or regulation to be closed in the principal financial center in the country of the specified currency;

(c) with respect to foreign currency notes denominated in euro, any date on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open; and

(d) with respect to LIBOR notes, a London banking day.

"calculation agent" means the agent appointed by us to calculate interest rates for floating rate notes. Unless the pricing supplement specifies otherwise, the calculation agent will be U.S. Bank National Association.

'calculation date' means, with respect to any interest determination date, the date on which the calculation agent is to calculate an interest rate for a floating rate note. Unless the pricing supplement specifies otherwise, the calculation date relating to an interest determination date for a floating rate note will be the first to occur of (a) the tenth calendar day after that interest determination date, or, if that day is not a business day, the next succeeding business day or (b) the business day preceding the applicable interest payment date or maturity of that note, as the case may be. However, LIBOR will be calculated on the LIBOR rate interest determination date.

'designated LIBOR page' means (a) if 'LIBOR Reuters' is specified in the applicable pricing supplement, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified in that pricing supplement (or any other page as may replace that page on that service) for the purpose of displaying the London interbank rates of major banks for the applicable index currency, or (b) if 'LIBOR Telerate' is specified in the applicable pricing supplement as the method for calculating LIBOR, the display on the Dow Jones Telerate Service (or any successor service) on the page specified in that pricing supplement (or any other page as may replace that page on that service) for the purpose of displaying the London interbank rates of major banks for the applicable index currency.

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

'H.15 Daily Update' means the daily update of H.15(519), available through the world wide web site of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update>, or any successor site or publication.

'index currency' means the currency or composite currency specified in the applicable pricing supplement as to which LIBOR will be calculated. If no currency or composite currency of this kind is specified in the applicable pricing supplement, the index currency will be U.S. dollars.

'index maturity' means, for a floating rate note, the period to maturity of the instrument or obligation on which the interest rate quotation is based, as set forth in the pricing supplement.

'initial interest rate' means the rate at which a floating rate note will bear interest from and including its issue date to but excluding the first interest reset date, as indicated in the applicable pricing supplement.

"interest determination date" means the date as of which the interest rate for a floating rate note is to be calculated, to be effective as of the following interest reset date and calculated on the related calculation date. However, LIBOR will be calculated on the LIBOR rate interest determination date. The interest determination date relating to an interest reset date for a commercial paper rate note, for a prime rate note, for a Federal funds rate note and for a CD rate note will be the second business day preceding that interest reset date. The interest determination date relating to an interest reset date for a LIBOR note will be the second London banking day preceding that interest reset date. The interest determination date relating to an interest reset date for a Treasury rate note will be the day of the week during which that interest reset date falls on which Treasury bills of the index maturity designated in the pricing supplement would normally be auctioned. Treasury bills are usually sold at auction on the Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday or may be held on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, that Friday will be the Treasury interest rate determination date pertaining to the interest reset date occurring in the following week.

"interest payment date" means the date on which payment of interest on a note (other than payment at maturity) is to be made. Unless the applicable pricing supplement indicates otherwise, the interest payment dates for the fixed rate notes will be February 15 and August 15 of each year and at maturity. Unless the applicable pricing supplement indicates otherwise and except as provided below, the interest payment dates for any floating rate note will be:

(a) in the case of floating rate notes that reset weekly, on the third Wednesday of March, June, September and December of each year;

(b) in the case of floating rate notes that reset daily or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year (as indicated in the pricing supplement);

(c) in the case of floating rate notes that reset quarterly, on the third Wednesday of March, June, September and December of each year, in the case of floating rate notes that reset semi-annually, on the third Wednesday of the two months of each year specified in the pricing supplement;

(d) in the case of floating rate notes that reset annually, on the third Wednesday of the month specified in the pricing supplement; and

(e) in each case, at maturity.

If an interest payment date for any fixed rate note falls on a day that is not a business day for that note, the interest payment for that note will be made on the following business day for that note, and no interest on that payment will accrue from and after that interest payment date. If an interest payment date (other than an interest payment date at maturity) for any floating rate note would otherwise be a day that is not a business day for that note, that interest payment date will be postponed to the next business day for that note, and interest will continue to accrue (except that, for a LIBOR note, if that business day is in the following calendar month, that interest payment date will be the preceding business day for that LIBOR note).

"interest reset date" means the date on which a floating rate note will begin to bear interest at the interest rate determined as of any interest determination date. Unless the pricing supplement specifies otherwise, the interest reset dates will be:

(a) in the case of floating rate notes that reset daily, each business day;

(b) in the case of floating rate notes (other than Treasury rate notes) that reset weekly, the Wednesday of each week;

(c) in the case of Treasury rate notes that reset weekly, the Tuesday of each week (except as provided below);

(d) in the case of floating rate notes that reset monthly, the third Wednesday of each month;

(e) in the case of floating rate notes that reset quarterly, the third Wednesday of March, June, September and December of each year;

(f) in the case of floating rate notes that reset semi-annually, the third Wednesday of each of two months of each year specified in the pricing supplement; and

(g) in the case of floating rate notes that reset annually, the third Wednesday of one month of each year specified in the pricing supplement.

If any interest reset date for any floating rate note would otherwise be a day that is not a business day for that floating rate note, that interest reset date will be postponed to the next business day for that floating rate note (except that, for a LIBOR note, if that business day is in the following calendar month, that interest reset date will be the preceding business day for that LIBOR note). If a Treasury bill auction (as described in the definition of 'interest determination date') falls on any day that would otherwise be an interest reset date for a Treasury rate note, then that interest reset date will instead be the first business day following that auction date.

'London banking day' means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

'market exchange rate' for any specified currency means the noon buying rate in New York City for cable transfers for that specified currency as certified for customs purposes by (or if not certified, as otherwise determined by) The Federal Reserve Bank of New York.

'maturity' means the date on which the principal of a note becomes due, whether at stated maturity, upon redemption or otherwise. If the maturity of any note falls on a day that is not a business day, the payment of principal, premium, if any, and interest for that note will be made on the following business day, and no interest on that payment will accrue from and after that maturity.

'maximum interest rate' means, for any floating rate note, a maximum numerical interest rate limitation, or ceiling, on the rate at which interest may accrue on that during any interest period.

'minimum interest rate' means, for any floating rate note, a minimum numerical interest rate limitation, or floor, on the rate at which interest may accrue on that during any interest period.

'money market yield' means a yield (expressed as a percentage rounded to the next higher one hundred thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{money market yield} = \frac{\text{DX360}}{360 - (\text{DXM})} \times 100$$

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

'paying agent' means the agent appointed by us to make payments of principal, premium, if any, and interest on the notes. Unless the pricing supplement specifies otherwise, the paying agent will be U.S. Bank National Association.

'principal financial center' means the capital city of the country issuing the index currency, except that with respect to U.S. dollars, Australian dollars, Deutsche marks, Dutch guilders, Italian lire and Swiss francs, the principal financial center will be New York City, Sydney, Frankfurt, Amsterdam, Milan and Zurich, respectively.

'regular record date' means the date on which a note must be held in order for the holder to receive an interest payment on the next interest payment date. Unless the pricing supplement specifies otherwise, the regular record date for any interest payment date with respect to any floating rate note will be the fifteenth day (whether or not a business day) prior to that interest payment date. The regular record dates for the fixed rate notes will be the February 1 and August 1 next preceding the February 15 and August 15 interest payment dates.

'Reuters Screen USPRIME1 Page' means the display on the Reuters Monitor Money Rates Service (or any successor service) on the 'USPRIME1' page (or any other page as may replace the USPRIME1 page on such service) for the purpose of displaying prime rates or base lending rates of major U.S. banks.

'spread' means the number of basis points, if any, to be added to the commercial paper rate, the prime rate, LIBOR, the Treasury rate, the Federal funds rate, the CD rate or any other interest rate index in effect at various times for a note, which amount will be set forth in the pricing supplement.

'spread multiplier' means the percentage by which the commercial paper rate, the prime rate, LIBOR, the Treasury rate, the Federal funds rate, the CD rate or any other interest rate index in effect at various times for a note is to be multiplied, which percentage will be set forth in the pricing supplement.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 7, 2001

PROSPECTUS

\$600,000,000

Ashland Inc.

Debt Securities

Preferred Stock

Depositary Shares

Common Stock

Warrants

We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplement carefully before you invest.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is September , 2001.

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SUMMARY

This summary highlights selected information from this document and may not contain all the information that is important to you. To understand the terms of our securities, you should carefully read this document with the attached prospectus supplement which together give the specific terms of the securities we are offering. You should also read the documents we have referred to you in "Where You Can Find More Information About Ashland" on page 4 for information on our company and our financial statements.

Ashland Inc.

Our businesses are grouped into five industry segments: APAC, Ashland Distribution, Ashland Specialty Chemical, Valvoline, and Refining and Marketing.

APAC--Ashland's group of construction companies--provides asphalt and concrete paving services for federal, state and local highway projects as well as industrial, commercial and residential markets. We conduct operations in 14 southern and midwestern states. Key assets include hot-mix asphalt and ready-mix concrete plants, quarries and other aggregate production facilities, and a fleet of mobile equipment.

Ashland Distribution distributes industrial chemicals and solvents, thermoplastics, fiber reinforcements, and fine ingredients in North America and thermoplastics in Europe. In addition, we offer a wide range of services, including environmental and energy management.

Ashland Specialty Chemical manufactures and sells a wide variety of high-performance chemical products and services through operations located primarily in North and South America, Europe and Asia. Our customers can be found in such industries as automotive, foundry, paint, paper, plastics, and semiconductor fabrication.

Valvoline produces and markets premium, packaged motor oil and automotive chemicals, including appearance products and antifreeze/coolants. We are also engaged in the "fast oil change" business through outlets operating under the Valvoline Instant Oil Change(R) name.

Marathon Ashland Petroleum LLC ("MAP"), a joint venture with Marathon Oil Company, operates seven refineries with a total crude oil refining capacity of 935,000 barrels per day. Refined products are distributed through a network of independent and company-owned outlets in the Midwest, the upper Great Plains and the southeastern United States. Marathon Oil Company has a 62% interest in MAP, and Ashland holds a 38% interest. Ashland accounts for its investment in MAP using the equity method.

The Securities We May Offer

This prospectus is part of a registration statement (No. 333-.) that we filed with the SEC utilizing a "shelf" registration process. Under this shelf process, we may offer from time to time up to \$600,000,000 of any of the following securities, either separately or in units: debt securities, preferred stock, depositary shares, common stock and warrants. This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, we will provide you with a prospectus supplement that will describe the specific amounts, prices and terms of the securities being offered. The prospectus supplement may also add, update or change information contained in this prospectus.

Debt Securities

We may offer unsecured general obligations of our company, which may be senior or subordinated. The senior securities and the subordinated securities are together referred to in this prospectus as the "debt securities".

The subordinated securities will be entitled to payment only after payment on our superior indebtedness (as described below).

Unless the applicable prospectus supplement states otherwise, senior securities will be issued under an indenture dated as of September 7, 2001, between us and U.S. Bank National Association, as trustee. The subordinated securities will be issued under an indenture between us and a commercial bank to be selected, as trustee. We have summarized certain general features of the debt securities from the indentures. We encourage you to read the indentures (which are exhibits to the registration statement) and our recent periodic and current reports that we file with the SEC. Directions on how you can get copies of these reports are provided on page 4.

General Indenture Provisions that Apply to Senior and Subordinated Securities

- . Neither indenture limits the amount of debt that we may issue or provides holders any protection should there be a highly leveraged transaction, recapitalization or restructuring involving our company.
- . The indentures provide that holders of two-thirds of the total principal amount of outstanding debt securities of any series may vote to change certain of our obligations or certain of your rights concerning the debt securities of that series. However, to change the amount or timing of principal, interest or other payments under the debt securities every holder in the series must consent.
- . If an event of default (as described below) occurs with respect to any series of debt securities, the trustee or holder of 25% of the outstanding principal amount of that series may declare the principal amount of the series immediately payable. However, holders of a majority of the principal amount may rescind this action except where a payment default or a breach of certain covenants has occurred.
- . If we satisfy certain conditions in either indenture, we may discharge that indenture at any time by depositing with the trustee sufficient funds or government obligations to pay when due the debt securities outstanding under that indenture.
- . Not all debt securities of any one series need be issued at the same time, and, unless otherwise provided, a series may be reopened for issuance of additional debt securities of such series.

Events of Default. The indentures provide that the following are events of default:

- . Interest not paid for 30 days after due date.
- . Principal or premium not paid when due.
- . Sinking fund payment not paid for 30 days after due date.
- . Covenant breach continuing for 60 days after notice.
- . Occurrence of certain bankruptcy or insolvency events.
- . Occurrence of any other event of default specified in the prospectus supplement.

General Indenture Provisions that Apply Only to Senior Securities

- . The indenture relating to the senior securities limits our ability and the ability of any subsidiary of ours to assume or guarantee indebtedness secured by mortgages, liens or other encumbrances upon our or our subsidiary's property unless the senior securities will be equally and ratably secured with that indebtedness.

- . The indenture relating to the senior securities limits our ability and the ability of any subsidiary of ours to sell or transfer property to a lender or investor, which then, either directly or indirectly, leases the property back to us or the subsidiary for a time period over three years.
- . The indenture relating to the senior securities states that we may not merge or consolidate with another company or sell all or substantially all of our assets to another company unless certain conditions are met. If these events occur, the other company will be required to assume our responsibilities relating to the debt securities, and we will be released from all liabilities and obligations.

General Indenture Provisions that Apply Only to Subordinated Securities

The subordinated securities will be subordinated to all "superior indebtedness", which includes all indebtedness for money borrowed by us, except indebtedness that is stated to be not superior to, or to have the same rank as, the subordinated securities.

Preferred Stock and Depositary Shares

We may issue our preferred stock, without par value, in one or more series. We will determine the dividend, voting, conversion and other rights of the series being offered and the terms and conditions relating to its offering and sale at the time of the offer and sale. We may also issue fractional shares of preferred stock that will be represented by depositary shares and depositary receipts.

Common Stock

We may issue our common stock, par value \$1.00 per share. Holders of common stock are entitled to receive dividends when declared by our board of directors (subject to rights of preferred stockholders). Each holder of common stock is entitled to one vote per share. The holders of common stock have cumulative voting rights but no preemptive, redemption or conversion rights.

Warrants

We may issue warrants for the purchase of debt securities, preferred stock or common stock. We may issue warrants independently or together with other securities.

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

The following table sets forth the ratios of earnings to fixed charges and earnings to combined fixed charges and preferred stock dividends for Ashland:

	Fiscal Year Ended September 30,					Nine Months Ended June 30,	
	1996	1997	1998	1999	2000	2000	2001
Ratio of earnings to fixed charges.....	1.90	2.42	2.32	3.67	2.61	2.08	3.51
Ratio of earnings to combined fixed charges and preferred stock dividends.....	1.66	2.24	2.32	3.67	2.61	2.08	3.51

The above ratios are computed on a total enterprise basis including our consolidated subsidiaries, plus our share of significant affiliates accounted for on the equity method that are 50% or greater owned or whose indebtedness has been directly or indirectly guaranteed by us. Earnings consist of income from continuing operations before income taxes, adjusted to exclude fixed charges (excluding capitalized interest) and

undistributed earnings of equity method affiliates excluded from the total enterprise. Fixed charges consist of interest incurred on indebtedness, the portion of operating lease rentals deemed representative of the interest factor and the amortization of debt expense.

Where You Can Find More Information About Ashland

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public at the SEC's web site at <http://www.sec.gov>.

The SEC allows us to "incorporate by reference" into this prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents.

The information incorporated by reference is considered to be a part of this prospectus, and later information filed with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14, or 14(d) of the Securities Exchange Act of 1934 until our offering is completed:

(a) Annual Report on Form 10-K for the year ended September 30, 2000;

(b) Amended Annual Report on Form 10-K/A for the year ended September 30, 2000;

(c) Quarterly Reports on Form 10-Q for the quarters ended December 31, 2000, March 31, 2001 and June 30, 2001;

(d) Current Reports on Form 8-K filed February 22, 2001 and April 25, 2001;

(e) The description of our common stock, par value \$1.00 per share, set forth in the registration statement on Form 10, as amended in its entirety by the Form 8 filed with the SEC on May 1, 1983;

(f) The description of our rights to purchase Series A Participating Cumulative Preferred Stock, set forth in the registration statement on Form 8-A dated May 16, 1996; and

(g) The description of a cumulative preferred stock, without par value, set forth in the registration statement on Form 8-A, as amended by Amendment No. 1 to the registration statement, filed with the SEC on April 30, 1993.

You may request a copy of these filings, at no cost, by writing to or telephoning us at the following address (or by visiting our website at <http://www.ashland.com>):

Office of the Secretary
Ashland Inc.
50 E. RiverCenter Boulevard
P.O. Box 391
Covington, KY 41012-0391
(859) 815-3333

You should rely only on the information incorporated by reference or provided in this prospectus or the prospectus supplement. We have authorized no one to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or the prospectus supplement is accurate as of any date other than the date on the front of the document.

ASHLAND INC.

Our businesses are grouped into five industry segments: APAC, Ashland Distribution, Ashland Specialty Chemical, Valvoline, Refining and Marketing.

APAC--Ashland's group of construction companies--provides asphalt and concrete paving services for federal, state and local highway projects as well as industrial, commercial and residential markets. We conduct operations in 14 southern and midwestern states. Key assets include hot-mix asphalt and ready-mix concrete plants, quarries and other aggregate production facilities, and a fleet of mobile equipment.

Ashland Distribution distributes industrial chemicals and solvents, thermoplastics, fiber reinforcements, and fine ingredients in North America and thermoplastics in Europe. In addition, we offer a wide range of services, including environmental and energy management.

Ashland Specialty Chemical manufactures and sells a wide variety of high-performance chemical products and services through operations located primarily in North and South America, Europe and Asia. Our customers can be found in such industries as automotive, foundry, paint, paper, plastics, and semiconductor fabrication.

Valvoline produces and markets premium, packaged motor oil and automotive chemicals, including appearance products and antifreeze/coolants. We are also engaged in the "fast oil change" business through outlets operating under the Valvoline Instant Oil Change(R) name.

Marathon Ashland Petroleum LLC ("MAP"), a joint venture with Marathon Oil Company, operates seven refineries with a total crude oil refining capacity of 935,000 barrels per day. Refined products are distributed through a network of independent and company-owned outlets in the Midwest, the upper Great Plains and the southeastern United States. Marathon Oil Company has a 62% interest in MAP, and Ashland holds a 38% interest. Ashland accounts for its investment in MAP using the equity method.

We are a Kentucky corporation, organized on October 22, 1936, with our principal executive offices located at 50 E. RiverCenter Boulevard, Covington, Kentucky 41012 (Mailing Address: 50 E. RiverCenter Boulevard, P.O. Box 391, Covington, Kentucky 41012-0391) (Telephone: (859) 815-3333).

USE OF PROCEEDS

We will use the net proceeds we receive from the sale of the securities offered by this prospectus and the accompanying prospectus supplement for general corporate purposes, unless we specify otherwise in the applicable prospectus supplement. General corporate purposes may include additions to working capital, capital expenditures, stock redemption or repurchases, repayment of debt or the financing of acquisitions.

DESCRIPTION OF DEBT SECURITIES

The following description sets forth the general terms and provisions that could apply to the debt securities. Each prospectus supplement will state the particular terms that actually will apply to the debt securities included in the supplement.

The debt securities will be either our senior debt securities or our subordinated debt securities. Unless the applicable prospectus supplement states otherwise, senior securities will be issued under an indenture dated as of September 7, 2001, between us and U.S. Bank National Association, as trustee. Under the indenture between us and U.S. Bank National Association, as trustee, no senior securities have been issued. Subordinated securities will be issued under an indenture between us and a commercial bank to be selected, as trustee. The senior indenture and the subordinated indenture are together called the "indentures".

The following summary of certain provisions of the indentures is not complete. You should refer to the applicable provisions of the following documents for more detailed information:

- . the senior indenture has been filed as Exhibit 4.1 to the Registration Statement of which this prospectus is a part, and

- . the subordinated indenture, which is incorporated by reference to Exhibit 4.3 to Registration Statement No. 33-57011, filed with the SEC on December 22, 1994.

Some of the capitalized terms used in the following discussion are defined in the indentures, and their definitions are incorporated by reference into this prospectus.

General

Neither indenture limits the aggregate principal amount of debt securities that we may issue under that indenture. The debt securities may be issued in one or more series as we may authorize at various times. All debt securities will be unsecured. The senior securities will have the same rank as all of our other unsecured and unsubordinated debt. The subordinated securities will be subordinated to superior indebtedness as described in the "Subordinated Securities" section below. The prospectus supplement relating to the particular series of debt securities being offered will specify the amounts, prices and terms of those debt securities. These terms may include:

- . the title and the limit on the aggregate principal amount of the debt securities;
- . the date or dates on which the debt securities will mature;
- . any annual rate or rates (which may be fixed or variable), or the method of determining any rate or rates, at which the debt securities will bear interest;
- . the date or dates from which interest shall accrue and the date or dates on which interest will be payable;
- . the currency or currencies or units of two or more currencies in which the debt securities are denominated and principal and interest may be payable, and for which the debt securities may be purchased, which may be in United States dollars, a foreign currency or currencies or units of two or more foreign currencies;
- . whether such debt securities are to be senior securities or subordinated securities;
- . any redemption or sinking fund terms;
- . any event of default or covenant with respect to the debt securities of a particular series, if not set forth in this prospectus;
- . whether the debt securities will be issued as registered securities or as bearer securities;
- . whether the debt securities are to be issued in whole or in part in the form of one or more global securities and the depositary for the global security or securities; and
- . any other terms of the series, which will not conflict with the terms of applicable indenture.

Principal, any premium and any interest will be payable and the debt securities will be transferable at the corporate trust office of the appropriate trustee, unless we specify otherwise in the accompanying prospectus supplement. At our option, however, payment of interest may be made by check mailed to the registered holders of the debt securities at their registered addresses.

We will issue the debt securities in fully registered form without coupons unless the applicable prospectus supplement provides for an issuance to be in bearer form with or without coupons. Unless we specify otherwise in the applicable prospectus supplement, we will issue debt securities denominated in U.S. dollars in denominations of \$1,000 or multiples of \$1,000 for registered securities and in denominations of \$5,000 or multiples of \$5,000 for bearer securities. No service charge will be made for any transfer or exchange of debt securities, but we may require payment beforehand of any related taxes or other governmental charges. Debt securities may also be issued pursuant to the indentures in transactions exempt from the registration requirements of the Securities Act of 1933. Those debt securities will not be considered in determining the aggregate amount of securities issued under the registration statement.

We will describe special Federal income tax and other considerations relating to debt securities denominated in foreign currencies or units of two or more foreign currencies in the applicable prospectus supplement.

Unless we specify otherwise in the applicable prospectus supplement, the covenants contained in the indentures and the debt securities will not provide special protection to holders of debt securities if we enter into a highly leveraged transaction, recapitalization or restructuring.

Exchange, Registration and Transfer

Registered securities of any series that are not global securities will be exchangeable for other registered securities of the same series and of like aggregate principal amount and tenor in different authorized denominations. In addition, if debt securities of any series are issuable as both registered securities and bearer securities, the holder may choose, upon written request, and subject to the terms of the applicable indenture, to exchange bearer securities and the appropriate related coupons of that series into registered securities of the same series of any authorized denominations and of like aggregate principal amount and tenor. Bearer securities with attached coupons surrendered in exchange for registered securities between a regular record date or a special record date and the relevant date for interest payment shall be surrendered without the coupon relating to the interest payment date. Interest will not be payable with respect to the registered security issued in exchange for that bearer security. That interest will be payable only to the holder of the coupon when due in accordance with the terms of the applicable indenture. Bearer securities will not be issued in exchange for registered securities.

You may present debt securities for exchange as provided above. In addition, you may present registered securities for registration of transfer, together with a duly executed form of transfer, at the office of the security registrar or at the office of any transfer agent designated by us for that purpose with respect to any series of debt securities and referred to in the applicable prospectus supplement. This may be done without service charge and upon payment of any taxes and other governmental charges as described in the applicable indenture. The security registrar or the transfer agent will effect the transfer or exchange upon being satisfied with the documents of title and identity of the person making the request. We have appointed the applicable trustee as security registrar for the applicable indenture. If a prospectus supplement refers to any transfer agents (in addition to the security registrar) initially designated by us with respect to any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which such transfer agent acts. However, if debt securities of a series are issuable solely as registered securities, we will be required to maintain a transfer agent in each place of payment for such series, and if debt securities of a series are issuable as bearer securities, we will be required to maintain (in addition to the security registrar) a transfer agent in a place of payment for such series located outside the United States. We may at any time designate additional transfer agents with respect to any series of debt securities.

In the event of any redemption in part, we will not be required to:

- . issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of that series to be redeemed and ending at the close of business on:
 - . if debt securities of the series are issuable only as registered securities, the day of mailing of the relevant notice of redemption;
 - . if debt securities of the series are issuable only as bearer securities, the day of the first publication of the relevant notice of redemption; or
 - . if debt securities of the series are issuable as registered securities and bearer securities and there is no publication of the relevant notice of redemption, the day of mailing of the relevant notice of redemption, or the date of such publication, if applicable;
- . register the transfer of or exchange any registered security, or portion thereof, called for redemption, except the unredeemed portion of any registered security being redeemed in part; or

- . exchange any bearer security called for redemption, except to exchange such bearer security for a registered security of that series and like tenor which is immediately surrendered for redemption.

For a discussion of restriction on the exchange, registration and transfer of global securities, see "Global Securities" below.

Payment and Paying Agents

Unless we specify otherwise in the applicable prospectus supplement, payment of principal, any premium and interest on bearer securities will be payable, in accordance with any applicable laws and regulations, at the offices of those paying agents outside the U.S. that we may designate at various times. We will make interest payments on bearer securities and the attached coupons on any interest payment date only against surrender of the coupon relating to that interest payment date. No payment with respect to any bearer security will be made at any of our offices or agencies in the U.S., by check mailed to any U.S. address or by transfer to an account maintained with a bank located in the U.S. However, if (but only if) payment in U.S. dollars of the full amount of principal, any premium and interest on bearer securities denominated and payable in U.S. dollars at all offices or agencies outside the U.S. is illegal or effectively precluded by exchange controls or other similar restrictions, then those payments will be made at the office of our paying agent.

Unless we specify otherwise in the applicable prospectus supplement, payment of principal, any premium and any interest on registered securities will be made at the office of the paying agent or paying agents that we designate at various times. However, at our option, we may make interest payments by check mailed to the address, as it appears in the security register, of the person entitled to the payments. Unless we specify otherwise in the applicable prospectus supplement, we will make payment of any installment of interest on registered securities to the person in whose name that registered security is registered at the close of business on the regular record date for such interest.

Unless we specify otherwise in the applicable prospectus supplement, the Corporate Trust Office of the trustee, located at 425 Walnut Street, Sixth Floor, Cincinnati, Ohio 45202, will be designated:

- . as our sole paying agent for payments with respect to debt securities that are issuable solely as registered securities; and
- . as our paying agent for payments with respect to debt securities (subject to the limitation described above in the case of bearer securities) that are issuable solely as bearer securities or as both registered securities and bearer securities. We will name any paying agents outside the U.S. and any other paying agents in the U.S. initially designated by us for the debt securities in the applicable prospectus supplement. We may at any time designate additional paying agents or rescind the designation of any paying agent or approve a change in the office through which any paying agent acts. However, if debt securities of a series are issuable solely as registered securities, we will be required to maintain a paying agent in each place of payment for that series.

If debt securities of a series are issuable as bearer securities, we will be required to maintain

- . a paying agent (a) for payments with respect to any registered securities of the series and (b) for payments with respect to bearer securities of the series in the circumstance described above, but not otherwise; and
- . a paying agent in a place of payment located outside the U.S. where debt securities of that series and any attached coupons may be presented and surrendered for payment. However, if the debt securities of that series are listed on the London Stock Exchange, the Luxembourg Stock Exchange or any other stock exchange located outside the U.S. and if the stock exchange requires it, we will maintain a paying agent in London or Luxembourg or any other required city located outside the U.S. for those debt securities.

All moneys we pay to a paying agent for the payment of principal, any premium or interest on any debt security or coupon that remains unclaimed at the end of two years after becoming due and payable will be repaid to us. After that time, the holder of the debt security or coupon will look only to us for payments out of those repaid amounts.

Global Securities

The debt securities of a series may be issued in whole or in part in the form of one or more global certificates that we will deposit with a depository identified in the applicable prospectus supplement. Global securities may be issued in either registered or bearer form and in either temporary or permanent form. Unless and until it is exchanged in whole or in part for the individual debt securities it represents, a global security may not be transferred except as a whole:

- . by the applicable depository to a nominee of the depository,
- . by any nominee to the depository itself or another nominee, or
- . by the depository or any nominee to a successor depository or any nominee of the successor.

We will describe the specific terms of the depository arrangement with respect to a series of debt securities in the applicable prospectus supplement. We anticipate that the following provisions will generally apply to depository arrangements.

When we issue a global security in registered form, the depository for the global security or its nominee will credit, on its book-entry registration and transfer system, the respective principal amounts of the individual debt securities represented by that global security to the accounts of persons that have accounts with the depository ("participants"). Those accounts will be designated by the dealers, underwriters or agents with respect to the underlying debt securities or by us if those debt securities are offered and sold directly by us. Ownership of beneficial interests in a global security will be limited to participants or persons that may hold interests through participants. For interests of participants, ownership of beneficial interests in the global security will be shown on records maintained by the applicable depository or its nominee. For interests of persons other than participants, that ownership information will be shown on the records of participants. Transfer of that ownership will be effected only through those records. The laws of some states require that certain purchasers of securities take physical delivery of securities in definitive form. These limits and laws may impair our ability to transfer beneficial interests in a global security.

As long as the depository for a global security, or its nominee, is the registered owner of that global security, the depository or nominee will be considered the sole owner or holder of the debt securities represented by the global security for all purposes under the applicable indenture. Except as provided below, owners of beneficial interests in a global security:

- . will not be entitled to have any of the underlying debt securities registered in their names,
- . will not receive or be entitled to receive physical delivery of any of the underlying debt securities in definitive form, and
- . will not be considered the owners or holders under the indenture relating to those debt securities.

Payments of principal of, any premium and any interest on individual debt securities represented by a global security registered in the name of a depository or its nominee will be made to the depository or its nominee as the registered owner of the global security representing such debt securities. None of us, the trustee for the debt securities, any paying agent nor the registrar for the debt securities will be responsible for any aspect of the records relating to or payments made by the depository or any participants on account of beneficial interests of the global security.

We expect that the depository or its nominee, upon receipt of any payment of principal, any premium or interest relating to a permanent global security representing any series of debt securities, immediately will credit participants' accounts with the payments. Those payments will be credited in amounts proportional to the respective beneficial interests of the participants in the principal amount of the global security as shown on the records of the depository or its nominee. We also expect that payments by participants to owners of beneficial interests in the global security held through those participants will be governed by standing instructions and customary practices. This is not the case with securities held for the accounts of customers in bearer form or registered in "street name". Those payments will be the sole responsibility of those participants.

If the depository for a series of debt securities is at any time unwilling, unable or ineligible to continue as depository and we do not appoint a successor depository within 90 days, we will issue individual debt securities of that series in exchange for the global security or securities representing that series. In addition, we may at any time in our sole discretion determine not to have any debt securities of a series represented by one or more global securities. In that event, we will issue individual debt securities of that series in exchange for the global security or securities. Further, if we specify, an owner of a beneficial interest in a global security may, on terms acceptable to us, the trustee and the applicable depository, receive individual debt securities of that series in exchange for those beneficial interests. The foregoing is subject to any limitations described in the applicable prospectus supplement. In any such instance, the owner of the beneficial interest will be entitled to physical delivery of individual debt securities equal in principal amount to the beneficial interest and to have the debt securities registered in its name. Those individual debt securities will be issued in denominations, unless we specify otherwise, of \$1,000 or integral multiples of \$1,000.

If we specify in an applicable prospectus supplement, all or any portion of the debt securities of a series that are issuable as bearer securities initially will be represented by one or more temporary global securities, with or without interest coupons. These temporary global securities will be deposited with a common depository in London for Euroclear Bank S.A./N.V., as operator of the Euroclear System and Clearstream Banking societe anonyme (formerly known as Cedel Bank) for credit to the respective accounts of the beneficial owners of those debt securities or to other accounts as they may direct. On and after the exchange date determined as provided in the temporary global security and described in the applicable prospectus supplement, each temporary global security will be exchangeable for definitive debt securities in bearer form, registered form, or definitive global form or any combination of these. No bearer security including one in definitive global bearer form delivered in exchange for a portion of a temporary global security will be mailed or otherwise delivered to any location in the U.S. in connection with this exchange.

Unless we specify otherwise in the applicable prospectus supplement, we or our agent must receive a certificate signed by Euroclear or Clearstream prior to the delivery of a definitive bearer security. We must also receive this signed certificate prior to the actual payment of interest on the applicable portion of the temporary global security payable before delivery of a definitive debt security. The certificate must be based on statements provided to Euroclear or Clearstream by its member organizations. The certificate must be dated on the earlier of the date of the first actual payment of interest on the debt security or the date of delivery of the debt security in definitive form, and must state that on that date the debt security is owned by:

- . person that is not a U.S. person and is not a financial institution holding the obligation for purposes of resale during the restricted period;
- . a U.S. person that is either (a) the foreign branch of a U.S. financial institution purchasing for its own account or for resale during the restricted period or (b) a U.S. person who acquired its interest through the foreign branch of a U.S. financial institution and who holds the obligation through such financial institution on the date of certification. In either case (a) or (b), the U.S. financial institution must provide a certificate stating that it agrees to comply with the requirements and regulations of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended unless it has provided a valid blanket certificate stating the same; or
- . a financial institution holding for purposes of resale during the restricted period. That financial institution must certify in addition that it has not acquired the obligation for purposes of resale directly or indirectly to a U.S. person or to a person within the United States or its possessions.

As used in this paragraph, the term "restricted period" means (a) the period from the closing date until 40 days thereafter or (b) any time if the obligation is held as part of an unsold allotment or subscription.

Each of Euroclear and Clearstream will in these circumstances credit the interest received by it to the accounts of the beneficial owners of the temporary global security or to other accounts as they may direct.

The beneficial owner of a debt security underlying a definitive global security in bearer form may exchange its interest in that definitive global security for a definitive bearer security or securities, or a definitive registered security or securities of any authorized denomination. The beneficial owner must give at least 30 days' written notice of the exchange through either Euroclear or Clearstream. No individual definitive bearer security will be delivered in or to the U.S.

Senior Securities--Certain Restrictive Covenants

Limitation on Liens. Other than permitted liens, which are listed below, unless we specify otherwise in the applicable prospectus supplement, we will not create, incur, assume or permit to exist any lien on any property that we or any of our subsidiaries own. Liens that we are permitted to have on our property include:

- . any currently existing lien;
- . easements, rights-of-way, minor defects in title, etc., that do not adversely affect the property or our business;
- . liens related to taxes that are not yet due or that we are contesting in good faith;
- . liens, such as mechanics liens, that arise in the ordinary course of our business and are being contested in good faith;
- . pledges or deposits that evidence our commitment to perform our obligations;
- . liens on equipment arising from capital leases on the equipment;
- . pre-existing liens, or liens incurred within 45 days after acquisition, on property that we acquire, construct or improve;
- . liens on office buildings or research facilities;
- . liens that secure debt between us and a subsidiary or between two subsidiaries of ours;
- . liens in favor of the United States or any political subdivision of the United States, or any agency or department of the United States or any state, to evidence our commitment to perform our obligations;
- . any extension, renewal or replacement of any permitted lien;
- . liens on margin stock owned by us or our subsidiaries, to the extent its value exceeds 25% of the value of property subject to the Limitation on Liens provision;
- . liens we incur in the ordinary course of our business to secure our performance under performance bonds, surety bonds, etc.;
- . statutory liens, such as rights of setoff, related to our depository accounts.

In addition to the specific liens listed above, we may permit any kind of lien to exist as long as the debt secured by those liens does not exceed 10% of our consolidated assets for our most recently ended fiscal quarter.

Limitations on Sale and Lease-Back. Unless we specify otherwise in the applicable prospectus supplement, neither we nor any domestic subsidiary of ours will enter into any arrangement with any bank or other lender or investor to lease to us or a domestic subsidiary of ours for a period of more than three years any real property located in the continental U.S. To be applicable, we or a domestic subsidiary of ours must sell or plan to sell or transfer this property to the lender or investor or to any person or organization to which funds have been or are to be advanced by the lender or investor on the security of the leased property. This paragraph does not apply where either: (a) we or our domestic subsidiary would be entitled to create debt secured by a lien on the property to be leased, without equally and ratably securing the senior securities, or (b) we, within four months

after the effective date of the sale and lease-back transaction, apply to the retirement of debt of ours maturing by its terms more than one year after its original creation, an amount equal to the greater of:

- . the net proceeds of the sale of the real property leased pursuant to the arrangement, or
- . the fair value of the real property leased at the time of entering into the arrangement as determined by the board of directors of Ashland.

This amount to be applied to the retirement of debt maturing more than one year after its creation will be reduced by an amount equal to the sum of (a) the principal amount of debt securities delivered, within four months after the effective date of the arrangement, to the trustee for retirement and cancellation and (b) the principal amount of other debt maturing within one year after its creation voluntarily retired by us within the four-month period. The latter amount does not include retirements of senior securities and other debt maturing within one year after its creation related to mandatory sinking fund or prepayment provisions or by payment at maturity.

Limitation on Consolidations and Mergers. We may not consolidate or merge with any other person or convey or transfer all or substantially all of our properties and assets to another person or permit another corporation to merge into us, unless:

- . the successor is a person organized under the laws of the United States or any state;
- . the successor person, if not us, assumes our obligations on the senior securities and under the senior indenture; and
- . certain other conditions are met.

Subordinated Securities

Under the subordinated indenture, payment of the principal, interest and any premium on the subordinated securities will generally be subordinated in right of payment to the prior payment in full of all of our superior indebtedness.

"Superior indebtedness" is defined as the principal of, any premium and accrued and unpaid interest on the following items, whether outstanding on or created, incurred or assumed after the date of execution of the subordinated indenture:

- . our indebtedness for money borrowed (other than the subordinated securities);
- . guarantees by us of indebtedness for money borrowed of any other person;
- . indebtedness evidenced by notes, debentures, bonds or other instruments of indebtedness for the payment of which we are responsible or liable, by guarantees or otherwise;
- . our obligations under any agreement relating to any interest rate or currency swap, interest rate cap, interest rate collar, interest rate future, currency exchange or forward currency transaction or any similar interest rate or currency hedging transaction, whether outstanding on the date of the subordinated indenture or created, incurred or assumed afterward; and
- . our obligations under any agreement to lease, or any lease of, any real or personal property which, in accordance with generally accepted accounting principles, is classified on our balance sheet as a liability.

Superior indebtedness shall also be deemed to include modifications, renewals, extensions and refundings of any of the types of indebtedness, liability, obligations or guarantee listed above, unless the relevant instrument provides that such indebtedness, liability, obligation or guarantee, or such modification, renewal, extension or refunding, is not superior in right of payment to the subordinated securities. Superior indebtedness shall not,

however, be deemed to include (a) any of our obligations to any subsidiary of ours and (b) any of our indebtedness, guarantees or obligations of the type set forth above which is subordinate or junior in ranking in any respect to any of our other indebtedness, guarantees or obligations.

No payment by us on account of principal of, any premium or interest on the subordinated securities, including any sinking fund payments may be made if:

- . any default or event of default with respect to any superior indebtedness occurs and is continuing and
- . unless the default or event of default is our failure to pay principal or interest on any instrument constituting superior indebtedness, written notice of this default or event of default is given to the trustee by us or to us and the trustee by the holders or their representatives of at least 10% in principal amount of any superior indebtedness.

We may resume payments on the subordinated securities (unless otherwise prohibited by the related indenture) if (a) the default is cured or waived, or (b) 120 days pass after the notice is given, if the default is not the subject of judicial proceedings, unless the default is our failure to pay principal or interest on any superior indebtedness.

In the event that any subordinated security is declared due and payable before its specified date, or upon any payment or distribution of assets by us to creditors upon our dissolution, winding up, liquidation or reorganization, all principal of, any premium and interest due or to become due on all superior indebtedness must be paid in full before the holders of subordinated securities are entitled to receive or take any payment. However, this does not apply to payments received by the holders of subordinated securities consisting of shares of stock or subordinated indebtedness provided by a plan of reorganization or adjustment which does not alter the rights of holders of superior indebtedness without any holder's consent. Subject to the payment in full of all superior indebtedness, the holders of the subordinated securities are to be subrogated to the rights of the holders of superior indebtedness to receive payments or distribution of our assets applicable to superior indebtedness until the subordinated securities are paid in full.

By reason of this subordination, in the event of insolvency, our creditors who are holders of superior indebtedness, as well as certain of our general creditors, may recover more, ratably, than the holders of the subordinated securities.

The subordinated indenture will not limit the amount of superior indebtedness or debt securities which may be issued by us or any of our subsidiaries.

Modification of the Indentures

Under each indenture our rights and obligations and the rights of the holders may be modified with the consent of the holders of at least two-thirds in principal amount of the then outstanding debt securities of each series affected by the modification. However, the following modifications require the consent of the holders of all of the affected outstanding debt securities:

- . changing the maturity, installment or interest rate of any of the debt securities;
- . reducing the principal amount, any premium or the rate of interest of any of the debt securities;
- . changing the currency, currencies or currency unit or units in which any principal, premium or interest of any of the debt securities is payable;
- . changing any of our obligations to maintain an office or agency in the places and for the purposes required by the indentures;
- . impairing any right to take legal action for an overdue payment;

- . reducing the percentage required for modifications or waivers of compliance with the indentures; or
- . with certain exceptions, modifying the provisions for the waiver of certain covenants and defaults and any of the foregoing provisions.

Any actions we or the trustee may take toward adding to our covenants, adding events of default or establishing the structure or terms of the debt securities as permitted by the indentures will not require the approval of any holder of debt securities. In addition, we or the trustee may cure ambiguities or inconsistencies in the indentures or make other provisions without the approval of any holder as long as no holder's interests are materially and adversely affected.

Waiver of Certain Covenants

The indentures provide that we will not be required to comply with certain restrictive covenants (including those described above under "Senior Securities--Certain Restrictive Covenants") if the holders of at least two-thirds in principal amount of each series of outstanding debt securities affected waive compliance with the restrictive covenants.

Events of Default, Notice and Waiver

"Event of default" when used in an indenture, will mean any of the following in relation to a series of debt securities:

- . failure to pay interest on any debt security for 30 days after the interest becomes due;
- . failure to pay the principal or any premium on any debt security when due;
- . failure to deposit any sinking fund payment for 30 days after such payment becomes due;
- . failure to perform or breach of any other covenant or warranty in the indenture that continues for 60 days after our being given notice from the trustee or the holders of at least 25% in principal amount of the outstanding debt securities of the series;
- . certain events of bankruptcy, insolvency or reorganization of ours; or
- . any other event of default provided for debt securities of that series.

If any event of default relating to outstanding debt securities of any series occurs and is continuing, either the trustee or the holders of at least 25% in principal amount of the outstanding debt securities of that series may declare the principal of all of the outstanding debt securities of such series to be due and immediately payable.

The indentures provide that the holders of at least 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 of exercising any trust or power conferred on the trustee, with respect to the debt securities of that series. The trustee may act in any way that is consistent with those directions and may decline to act if any of the directions is contrary to law or to the indentures or would involve the trustee in personal liability.

The indentures provide that the holders of at least a majority in principal amount of the outstanding debt securities of any series may on behalf of the holders of all of the outstanding debt securities of the series waive any past default (and its consequences) under the indentures relating to the series, except a default (a) in the payment of the principal of or any premium or interest on any of the debt securities of the series or (b) with respect to a covenant or provision of such indentures which, under the terms of such indentures, cannot be modified or amended without the consent of the holders of all of the outstanding debt securities of the series affected.

The indentures contain provisions entitling the trustee, subject to the duty of the trustee during an event of default to act with the required standard of care, to be indemnified by the holders of the debt securities of the relevant series before proceeding to exercise any right or power under the indentures at the request of those holders.

The indentures require the trustee to, within 90 days after the occurrence of a default known to it with respect to any series of outstanding debt securities, give the holders of that series notice of the default if uncured and unwaived. However, the trustee may withhold this notice if it in good faith determines that the withholding of this notice is in the interest of those holders. However, the trustee may not withhold this notice in the case of a default in payment of principal, premium, interest or sinking fund installment with respect to any debt securities of the series. The above notice shall not be given until at least 30 days after the occurrence of a default in the performance of or a breach of a covenant or warranty in the applicable indenture other than a covenant to make payment. The term "default" for the purpose of this provision means any event that is, or after notice or lapse of time, or both, would become, an event of default with respect to the debt securities of that series.

Each indenture requires us to file annually with the trustee a certificate, executed by one of our officers, indicating whether the officer has knowledge of any default under the indenture.

Meetings

The indentures contain provisions for convening meetings of the holders of debt securities of a series if debt securities of that series are issuable as bearer securities. A meeting may be called at any time by the trustee. If the trustee fails to call a meeting within 21 days after receipt of a request from us or the holders of at least 10% in principal amount of the outstanding debt securities of a series, we or the holders may call a meeting upon notice given in accordance with the provisions described in "Notices" below. Persons entitled to vote a majority in principal amount of the outstanding debt securities of a series shall constitute a quorum at a meeting of the holders of debt securities of the series. However, if any action is to be taken at the meeting with respect to a consent or waiver which is required to be given by the holders of at least two-thirds in principal amount of the outstanding debt securities of a series, the persons entitled to vote two-thirds in principal amount of the outstanding debt securities of the series will constitute a quorum. In the absence of a quorum, a meeting called by us or the trustee shall be adjourned for a period of at least 10 days, and in the absence of a quorum at the adjourned meeting, the meeting shall be further adjourned for a period of at least 10 days. Any resolution with respect to any action which may be made, given or taken by the holders of a specified percentage in principal amount of outstanding debt securities of a series may be adopted at a properly reconvened meeting or adjourned meeting at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding debt securities of that series. Any resolution passed or decision taken at any meeting of holders of debt securities of any series duly held in accordance with the indentures will be binding on all holders of debt securities of that series and the related coupons. With respect to any consent, waiver or other action which the indentures expressly provide may be given by the holders of the specified percentage of outstanding debt securities of any series affected (acting as one class), only the principal amount of outstanding debt securities of any series represented at a meeting or adjourned meeting duly reconvened at which a quorum is present as described above and voting in favor of the action will be counted for purposes of calculating the aggregate principal amount of outstanding debt securities of all series affected favoring the action.

Notices

Except as otherwise provided in the applicable prospectus supplement, notices to holders of bearer securities will be given by publication at least once in a daily newspaper in New York City and London and in any other cities specified in the bearer securities. For holders of bearer securities, notices will also be mailed to those persons whose names and addresses were previously filed with the trustee within the last two years under the indentures, within the time prescribed for the giving of that information. Notices to holders of registered securities will be sent by mail to the addresses of those holders as they appear in the security register.

Title

Title to any bearer securities (including bearer securities in temporary or definitive global bearer form) and any related coupons will pass by delivery. We, the appropriate trustee and any agent of us or the trustee may treat the bearer of any bearer security and the bearer of any coupon and registered owner of any registered security as the absolute owner (whether or not such security or coupon is overdue and notwithstanding any notice to the contrary) for the purpose of making payment and for all other purposes.

Replacement of Securities and Coupons

We will replace any mutilated debt security and any debt security with a mutilated coupon at the expense of the holder upon surrender of the mutilated debt security or debt security with a mutilated coupon to the appropriate trustee. We will replace debt securities or coupons that are destroyed, stolen or lost at the expense of the holder upon delivery to the appropriate trustee of evidence of the destruction, loss or theft of the debt securities or coupons satisfactory to us and to the trustee. In the case of any coupon which is destroyed, stolen or lost, that coupon will be replaced upon surrender to the appropriate trustee of the debt security with all related coupons not destroyed, stolen or lost by issuance of a new debt security in exchange for the debt security to which that coupon relates. In the case of a destroyed, lost or stolen debt security or coupon, an indemnity satisfactory to the appropriate trustee and us may be required at the expense of the holder of the debt security or coupon before a replacement debt security will be issued.

Defeasance

The indentures contain a provision that, if made applicable to any series of debt securities, permits us to elect (a) to defease and be discharged from all of our obligations (subject to limited exceptions) with respect to any series of debt securities then outstanding, which we refer to below as "legal defeasance", or (b) to be released from our obligations under certain restrictive covenants (including those described above under "Senior Securities--Certain Restrictive Covenants"), which we refer to below as "covenant defeasance". To make either of the above elections, we must

- . deposit in trust with the trustee (a) in the case of debt securities and coupons denominated in U.S. dollars, U.S. government obligations and (b) in the case of debt securities and coupons denominated in a foreign currency, foreign government securities, which through the payment of principal and interest in accordance with their terms will provide sufficient money, U.S. government obligations and/or foreign government obligations as necessary, without reinvestment, to repay in full those debt securities; and
- . deliver to the trustee an opinion of counsel that holders of the debt securities will not recognize income, gain or loss for Federal income tax purposes as a result of the deposit and related defeasance and will be subject to Federal income tax in the same amount, in the same manner and at the same times as would have been the case if such deposit and related defeasance had not occurred (in the case of legal defeasance only, such opinion of counsel to be based on a ruling of the Internal Revenue Service or other change in applicable Federal income tax law.)

Certain Rights to Require Purchase of Securities by Ashland Upon Unapproved Change in Control and Decline in Debt Rating

In the event that (a) there occurs any change in control (as defined below) of Ashland and (b) the prevailing rating of any series of the debt securities issued under the indentures on a date within 90 days following public notice of the change in control is less than the rating on a specified earlier date by the equivalent of at least one full rating category the following will apply. Each holder of debt securities of that series will have the right, at the holder's option, to require us to purchase all or any part of the holder's debt securities on the repurchase date that is 100 days after the later of (1) public notice of the change in control and (2) the rating decline, at 100% of the principal amount on the repurchase date, plus accrued and unpaid interest to the repurchase date. However, if the rating decline applies to less than all series of the debt securities, the repurchase rights described above will apply only to those series with respect to which there has been a rating decline.

On or before the twenty-eighth day after the later of public notice of the change in control and the decrease in the rating of the debt securities, we are obligated to mail or cause to be mailed to all holders of record of the debt securities a notice regarding the change in control, the decrease in the rating of the debt securities and the repurchase right. The notice shall state the date by which the repurchase right must be exercised, the applicable price for the debt securities and the procedure which the holder must follow to exercise this right. We shall cause a copy of such notice to be published in a newspaper of general circulation in the Borough of Manhattan, The City of New York. To exercise this right, the holder of a debt security must deliver on or before the tenth day before the repurchase date written notice to us (or an agent designated by us for that purpose) of the holder's exercise of the right, together with the debt security with respect to which the right is being exercised, duly endorsed for transfer. We will comply with Rules 13e-4 and 14e-1 under the Securities Exchange Act of 1934 and any other applicable securities laws in connection with any repurchase of debt securities.

As used in this prospectus, a "change in control" will be deemed to have occurred when

- . a "person" or "group" within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934 becomes the "beneficial owner", as defined in Rule 13d-3 under the Act, of more than 50% of our outstanding voting stock, other than through a transaction consummated with the prior approval of the board of directors of Ashland, or
- . during any period of two consecutive years, individuals who at the beginning of that period and certain directors elected subsequently who constitute the board of directors of Ashland cease for any reason to constitute a majority of the directors then in office. Additional directors who will be counted toward the majority include any director whose election by the board of directors of Ashland or whose nomination for election by our shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously approved.

In considering whether to approve a transaction which might otherwise constitute a change in control, the board of directors of Ashland will be required to consider the interests of our stockholders, employees and other creditors which may not necessarily be consistent with the interests of holders of debt securities. In considering whether to pursue a transaction which might otherwise constitute a change in control, a potential acquiror will be required to consider that, to the extent the repurchase right becomes exercisable and is exercised by holders of debt securities of any series, sufficient funds must be made available to make payment to these holders. We cannot presently predict the source of those funds, but expect that the source would be determined in the context of the overall consideration of this type of transaction.

Governing Law

The indentures, the debt securities and the coupons will be governed by, and construed in accordance with, the laws of the State of New York.

The Trustee

U.S. Bank National Association is trustee under the senior indenture. The trustee has other customary banking relationships with us and our affiliates.

DESCRIPTION OF PREFERRED STOCK

General. Our Second Restated Articles of Incorporation, as amended, authorize the board of directors of Ashland, without further shareholder action, to provide for the issuance of up to 30,000,000 shares of preferred stock, in one or more series, and to fix the designations, terms, and relative rights and preferences, including the dividend rate, voting rights, conversion rights, redemption and sinking fund provisions and liquidation values of each of these series. We may amend from time to time our restated articles to increase the number of authorized

shares of preferred stock. Any amendment like this would require the approval of the holders of two-thirds of the outstanding shares of all series of preferred stock voting together as a single class without regard to series. As of the date of this prospectus, we have no preferred stock outstanding. We have 500,000 shares designated as Series A Participating Cumulative Preferred Stock reserved for issuance upon exercise of rights under the rights agreement described below under "Preferred Stock Purchase Rights".

The particular terms of any series of preferred stock being offered by us under this shelf registration will be described in the prospectus supplement relating to that series of preferred stock. Those terms may include:

- . the title and liquidation preference per share of the preferred stock and the number of shares offered;
- . the purchase price of the preferred stock;
- . the dividend rate (or method of calculation), the dates on which dividends will be paid and the date from which dividends will begin to accumulate;
- . any redemption or sinking fund provisions of the preferred stock;
- . any conversion provisions of the preferred stock;
- . the voting rights, if any, of the preferred stock; and
- . any additional dividend, liquidation, redemption, sinking fund and other rights, preferences, privileges, limitations and restrictions of the preferred stock.

If the terms of any series of preferred stock being offered differ from the terms set forth in this prospectus, those terms will also be disclosed in the prospectus supplement relating to that series of preferred stock. The summary in this prospectus is not complete. You should refer to the articles of amendment to the restated articles establishing a particular series of preferred stock which will be filed with the Secretary of State of the Commonwealth of Kentucky and the SEC in connection with the offering of the preferred stock.

The preferred stock will, when issued, be fully paid and nonassessable.

Dividend Rights. The preferred stock will be preferred over the common stock as to payment of dividends. Before any dividends or distributions (other than dividends or distributions payable in common stock) on the common stock shall be declared and set apart for payment or paid, the holders of shares of each series of preferred stock will be entitled to receive dividends when, as and if declared by the board of directors of Ashland. We will pay those dividends either in cash, shares of common stock or preferred stock or otherwise, at the rate and on the date or dates set forth in the prospectus supplement. With respect to each series of preferred stock, the dividends on each share of the series will be cumulative from the date of issue of the share unless some other date is set forth in the prospectus supplement relating to the series. Accruals of dividends will not bear interest.

Rights Upon Liquidation. The preferred stock will be preferred over the common stock as to assets so that the holders of each series of preferred stock will be entitled to be paid, upon our voluntary or involuntary liquidation, dissolution or winding up and before any distribution is made to the holders of common stock, the amount set forth in the applicable prospectus supplement. However, in this case the holders of preferred stock will not be entitled to any other or further payment. If upon any liquidation, dissolution or winding up our net assets are insufficient to permit the payment in full of the respective amounts to which the holders of all outstanding preferred stock are entitled, our entire remaining net assets will be distributed among the holders of each series of preferred stock in amounts proportional to the full amounts to which the holders of each series are entitled.

Redemption. All shares of any series of preferred stock will be redeemable to the extent set forth in the prospectus supplement relating to the series. All shares of any series of preferred stock will be convertible into shares of common stock or into shares of any other series of preferred stock to the extent set forth in the applicable prospectus supplement.

Voting Rights. Except as indicated in the prospectus supplement, the holders of preferred stock shall be entitled to one vote for each share of preferred stock held by them on all matters properly presented to shareholders. The holders of common stock and the holders of all series of preferred stock will vote together as one class.

Preferred Stock Purchase Rights. On May 16, 1996, we entered into a rights agreement with Harris Trust and Savings Bank. National City Bank is the successor rights agent under that rights agreement, which is a shareholder rights plan providing for a dividend of one preferred stock purchase right for each outstanding share of our common stock. We issued the dividend to shareholders of record on the date of the adoption of the rights agreement, and holders of shares of common stock issued since that date are issued rights with their shares. The rights trade automatically with shares of common stock and become exercisable only under certain circumstances as described below. The rights are designed to protect the interests of Ashland and our shareholders against coercive takeover tactics. The purpose of the rights is to encourage potential acquirors to negotiate with the board of directors of Ashland prior to attempting a takeover and to provide the board with leverage in negotiating on behalf of all shareholders the terms of any proposed takeover. The rights may have certain anti-takeover effects. The rights should not, however, interfere with any merger or other business combination approved by the board of directors of Ashland.

Until a right is exercised, the holder of a right will have no rights as an Ashland shareholder, including, without limitation, the right to vote or to receive dividends. Upon becoming exercisable, each right will entitle its holder to purchase from us one one-thousandth of a share of Series A Participating Cumulative Preferred Stock, without par value, at a purchase price of \$140 per right, subject to adjustment. In general, the rights will not be exercisable until the earlier of (a) any time that we learn that a person or group or an affiliate or associate of the person or group has acquired, or has obtained the right to acquire, beneficial ownership of 15% or more of our outstanding common stock, unless provisions preventing accidental triggering of the rights apply and (b) the close of business on the date, if any, designated by the board of directors of Ashland following the commencement of, or first public disclosure of an intent to commence, a tender or exchange offer for 15% or more of our outstanding common stock. Below we refer to the earlier of those dates as the "distribution date" and the person or group acquiring at least 15% of our common stock as an "acquiring person". You should assume that any of the following provisions that refers to an acquiring person applies to any associate or affiliate of the acquiring person as well.

In the event that, following the distribution date, we are acquired in a merger or other business combination by a publicly traded acquiring person, or 50% or more of our assets or assets representing 50% or more of our revenues or cash flow are sold, leased, exchanged or transferred in another manner to a publicly traded acquiring person, each right will entitle its holder to purchase, for the purchase price, that number of common shares of the corporation which at the time of the transaction would have a market value of twice the purchase price. In the event we are acquired in a merger or other business combination by a non-publicly traded acquiring person, or 50% or more of our assets or assets representing 50% or more of our revenues or cash flow are sold, leased, exchanged or otherwise transferred to a non-publicly traded acquiring person, each right will entitle its holder to purchase, for the purchase price, at the holder's option:

- . that number of shares of the surviving corporation (including us, if we are the surviving corporation) in the transaction with the entity which at the time of the transaction would have a book value of twice the purchase price,
- . that number of shares of the entity which at the time of the transaction would have a book value of twice the purchase price or
- . if the entity has an affiliate which has publicly traded common shares, that number of common shares of the affiliate which at the time of the transaction would have a market value of twice the purchase price.

Any rights that are at any time beneficially owned by an acquiring person will be null and void and nontransferable, and any holder of such right, including any purported transferee or subsequent holder, will be unable to exercise or transfer the right.

The rights will expire at the close of business on May 16, 2006, unless redeemed before that time. At any time prior to the earlier of (a) the time a person or group becomes an acquiring person and (b) the expiration date, the board of directors of Ashland may redeem the rights in whole, but not in part, at a price of \$.01 per right. This amount is subject to adjustment as provided in the rights agreement.

The preceding summary is not complete and is not intended to give full effect to provisions of statutory or common law. You should refer to the applicable provisions of the rights agreement and the form of right certificate, which are incorporated by reference to Exhibits 4(a) and 4(c), respectively, to our Form 8-A, filed with the SEC on May 16, 1996, into Exhibit 4.5 to the registration statement.

Certain Provisions of Ashland's Restated Articles. In the event of a proposed merger or tender offer, proxy contest or other attempt to gain control of us and not approved by the board of directors of Ashland, it would be possible for the board of directors of Ashland to authorize the issuance of one or more series of preferred stock with voting rights or other rights and preferences which would impede the success of the proposed merger, tender offer, proxy contest or other attempt to gain control of us. This authority may be limited by applicable law, the restated articles and the applicable rules of the stock exchanges upon which the common stock is listed. The consent of the holders of common stock would not be required for any issuance of preferred stock like this.

The restated articles incorporate in substance certain provisions of the Kentucky Business Corporation Act to require certain approvals as a condition to mergers and certain other business combinations involving us and the 10% shareholder unless (a) the transaction is approved by a majority of our continuing directors or (b) certain minimum price and procedural requirements are met. Those approvals include the approval of the holders of at least 80% of our voting stock, plus two-thirds of the voting stock other than voting stock owned by a 10% shareholder. In addition, the Kentucky Business Corporation Act includes a standstill provision which precludes a business combination from occurring with a 10% shareholder, notwithstanding any vote of shareholders or price paid, for a period of five years after the date that 10% shareholder becomes a 10% shareholder, unless a majority of our independent directors approves the combination before that date.

The restated articles also provide that

- . the board of directors of Ashland is classified into three classes,
- . a director may be removed from office without cause only by the affirmative vote of the holders of at least 80% of the voting power of our then outstanding voting stock,
- . the board of directors of Ashland may adopt by-laws concerning the conduct of, and matters considered at, meetings of shareholders, including special meetings,
- . the by-laws and certain provisions of the restated articles may be amended only by the affirmative vote of the holders of at least 80% of the voting power of our then outstanding voting stock and
- . the by-laws may be adopted or amended by the board of directors of Ashland. However, the by-laws adopted in this fashion may be amended or repealed by affirmative vote of the holders of at least 80% of the voting power of our then outstanding voting stock.

DESCRIPTION OF DEPOSITARY SHARES

General. We may, at our option, elect to offer fractional shares of preferred stock, rather than full shares of preferred stock. If we exercise this option, we will issue to the public receipts for depositary shares, and each of these depositary shares will represent a fraction (to be set forth in the applicable prospectus supplement) of a share of a particular series of preferred stock.

The shares of any series of preferred stock underlying the depositary shares will be deposited under a deposit agreement between us and a bank or trust company selected by us. The depositary will have its principal

office in the United States and a combined capital and surplus of at least \$50,000,000. 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 underlying that depositary share, to all the rights and preferences of the preferred stock underlying that depositary share. Those rights include dividend, voting, redemption and liquidation rights.

The depositary shares will be evidenced by depositary receipts issued pursuant to the deposit agreement. Depositary receipts will be distributed to those persons purchasing the fractional shares of preferred stock underlying the depositary shares, in accordance with the terms of the offering. Copies of the forms of deposit agreement and depositary receipt will be filed as exhibits to the registration statement. The following summary of the deposit agreement, the depositary shares and the depositary receipts is not complete. You should refer to the forms of the deposit agreement and depositary receipts that will be filed with the SEC in connection with the offering of the specific depositary shares.

Pending the preparation of definitive engraved depositary receipts, the depositary may, upon our written order, issue temporary depositary receipts substantially identical to the definitive depositary receipts but not in definitive form. These temporary depositary receipts entitle their holders to all the rights of definitive depositary receipts which are to be prepared without unreasonable delay. Temporary depositary receipts will then be exchangeable for definitive depositary receipts at our expense.

Dividends and Other Distributions. The depositary will distribute all cash dividends or other cash distributions received with respect to the preferred stock to the record holders of depositary shares relating to the preferred stock in proportion to the number of depositary shares owned by those holders.

If there is a distribution other than in cash, the depositary will distribute property received by it to the record holders of depositary shares that are entitled to receive the distribution, unless the depositary determines that it is not feasible to make the distribution. If this occurs, the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the applicable holders.

Redemption of 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 depositary resulting from the redemption, in whole or in part, of that series of preferred stock held by the depositary. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to that series of the preferred stock. Whenever we redeem shares of preferred stock that are held by the depositary, the depositary will redeem, as of the same redemption date, the number of depositary shares representing the 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 or pro rata as may be determined by the depositary.

Voting the Preferred Stock. Upon receipt of notice of any meeting at which the holders of the preferred stock are entitled to vote, the depositary will mail the information contained in the notice to the record holders of the depositary shares underlying the preferred stock. Each record holder of the 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 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 depositary will then try, as far as practicable, to vote the number of shares of preferred stock underlying those depositary shares in accordance with such instructions, and we will agree to take all actions which may be deemed necessary by the depositary to enable the depositary to do so. The depositary will not vote the shares of preferred stock to the extent it does not receive specific instructions from the holders of depositary shares underlying the preferred stock.

Amendment and Termination of the Depositary Agreement. 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 us and the depositary. However, any amendment which materially and adversely alters the rights of the holders of depositary shares will not be effective unless the amendment has been approved by the holders of at least a

majority of the depositary shares then outstanding. The deposit agreement may be terminated by us or by the depositary only if (a) all outstanding depositary shares have been redeemed or (b) there has been a final distribution of the underlying preferred stock in connection with our liquidation, dissolution or winding up and the preferred stock has been distributed to the holders of depositary receipts.

Charges of Depositary. We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will also pay charges of the depositary in connection with the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and those other charges, including a fee for the withdrawal of shares of preferred stock upon surrender of depositary receipts, as are expressly provided in the deposit agreement to be for their accounts.

Miscellaneous. The depositary will forward to holders of depositary receipts all reports and communications from us that we deliver to the depositary and that we are required to furnish to the holders of the preferred stock.

Neither we nor the depositary will be liable if either of us is prevented or delayed by law or any circumstance beyond our control in performing our respective obligations under the deposit agreement. Our obligations and those of the depositary will be limited to performance in good faith of our respective duties under the deposit agreement. Neither we nor they will be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred stock unless satisfactory indemnity is furnished. We and the depositary may rely upon written advice of 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.

Resignation and Removal of Depositary. The depositary may resign at any time by delivering notice to us of its election to resign. We may remove the depositary at any time. Any resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of the appointment. The successor 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.

DESCRIPTION OF COMMON STOCK

As of the date of this prospectus, we are authorized to issue up to 300,000,000 shares of common stock. As of June 30, 2001, we had 69,695,364 shares of common stock issued and outstanding and had reserved 12,094,415 additional shares of common stock for issuance under our various stock and compensation incentive plans.

The following summary is not complete and is not intended to give full effect to provisions of statutory or common law. You should refer to the applicable provisions of the following documents:

- . the restated articles, which are incorporated by reference to Exhibit 3 to our Form 10-Q for the quarter ended December 31, 1997, and
- . the by-laws, as amended, which are incorporated by reference to Exhibit 3.2 to our Form 10-Q for the quarter ended June 30, 2001.

Dividends. The holders of common stock are entitled to receive dividends when, as and if declared by the board of directors of Ashland, out of funds legally available for their payment subject to the rights of holders of the preferred stock subject to the rights of holders of preferred stock.

Voting Rights. The holders of common stock are entitled to one vote per share on all matters submitted to a vote of shareholders. The holders of common stock also possess cumulative voting rights. Under cumulative voting, a shareholder may multiply the number of shares owned by the number of directors to be elected and either cast this total number of votes for any one nominee or distribute the total number of votes, in any proportion, among as many nominees as the shareholder desires.

Rights Upon Liquidation. In the event of our voluntary or involuntary liquidation, dissolution or winding up, the holders of common stock will be entitled to share equally in any of our assets available for distribution after the payment in full of all debts and distributions and after the holders of all series of outstanding preferred stock have received their liquidation preferences in full.

Miscellaneous. The outstanding shares of common stock are fully paid and nonassessable. The holders of common stock are not entitled to preemptive or redemption rights. Shares of common stock are not convertible into shares of any other class of capital stock. National City Bank, Chicago, Illinois, is the transfer agent and registrar for the common stock.

DESCRIPTION OF SECURITIES WARRANTS

We may issue securities warrants for the purchase of debt securities, preferred stock or common stock. Securities warrants may be issued independently or together with debt securities, preferred stock or common stock and may be attached to or separate from any offered securities. Each series of securities warrants will be issued under a separate warrant agreement to be entered into between us and a bank or trust company, as warrant agent. The securities warrant agent will act solely as our agent in connection with the securities warrants and will not assume any obligation or relationship of agency or trust for or with any registered holders of securities warrants or beneficial owners of securities warrants. This summary of some provisions of the securities warrants is not complete. You should refer to the securities warrant agreement, including the forms of securities warrant certificate representing the securities warrants, relating to the specific securities warrants being offered for the complete terms of the securities warrant agreement and the securities warrants. That securities warrant agreement, together with the terms of securities warrant certificate and securities warrants, will be filed with the SEC in connection with the offering of the specific securities warrants.

The particular terms of any issue of securities warrants will be described in the prospectus supplement relating to the issue. Those terms may include:

- . the designation, aggregate principal amount, currencies, denominations and terms of the series of debt securities purchasable upon exercise of securities warrants to purchase debt securities and the price at which the debt securities may be purchased upon exercise;
- . the designation, number of shares, stated value and terms (including, without limitation, liquidation, dividend, conversion and voting rights) of the series of preferred stock purchasable upon exercise of securities warrants to purchase shares of preferred stock and the price at which such number of shares of preferred stock of such series may be purchased upon such exercise;
- . the number of shares of common stock purchasable upon the exercise of securities warrants to purchase shares of common stock and the price at which such number of shares of common stock may be purchased upon such exercise;
- . the date on which the right to exercise the securities warrants will commence and the date on which the right will expire;
- . United States Federal income tax consequences applicable to the securities warrants; and
- . any other terms of the securities warrants.

Securities warrants for the purchase of preferred stock and common stock will be offered and exercisable for U.S. dollars only. Securities warrants will be issued in registered form only. The exercise price for securities warrants will be subject to adjustment in accordance with the applicable prospectus supplement.

Each securities warrant will entitle its holder to purchase the principal amount of debt securities or the number of shares of preferred stock or common stock at the exercise price set forth in, or calculable as set forth in, the applicable prospectus supplement. The exercise price may be adjusted upon the occurrence of certain events as set forth in the prospectus supplement. After the close of business on the expiration date, unexercised securities warrants will become void. We will specify the place or places where, and the manner in which, securities warrants may be exercised in the applicable prospectus supplement.

Prior to the exercise of any securities warrants to purchase debt securities, preferred stock or common stock, holders of the securities warrants will not have any of the rights of holders of the debt securities, preferred stock or common stock purchasable upon exercise, including:

- . in the case of securities warrants for the purchase of debt securities, the right to receive payments of principal of, any premium or interest on the debt securities purchasable upon exercise or to enforce covenants in the applicable indenture; or
- . in the case of securities warrants for the purchase of preferred stock or common stock, the right to vote or to receive any payments of dividends on the preferred stock or common stock purchasable upon exercise.

PLAN OF DISTRIBUTION

We may sell the debt securities, preferred stock, depositary shares, common stock or securities warrants (together referred to as the "offered securities") (a) through underwriters or dealers; (b) directly to one or a limited number of institutional purchasers; or (c) through agents. This prospectus or the applicable prospectus supplement will set forth the terms of the offering of any offered securities, including the name or names of any underwriters, dealers or agents, the price of the offered securities and the net proceeds to us from such sale, any underwriting commissions or other items constituting underwriters' compensation.

If underwriters are used in the sale, the offered securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The offered securities may be offered to the public either through underwriting syndicates represented by managing underwriters or directly by one or more investment banking firms or others, as designated. Unless otherwise set forth in the applicable prospectus supplement, the obligations of the underwriters or agents to purchase the offered securities will be subject to certain conditions precedent and the underwriters will be obligated to purchase all the offered securities if any are purchased. Any initial public offering price and any underwriting commissions or other items constituting underwriters' compensation may be changed from time to time.

If a dealer is utilized in the sale of any offered securities, we will sell those offered securities to the dealer, as principal. The dealer may then resell the offered securities to the public at varying prices to be determined by the dealer at the time of resale.

We may sell offered securities directly to one or more institutional purchasers, or through agents at a fixed price or prices, which may be changed, or at varying prices determined at time of sale. Unless otherwise indicated in the prospectus supplement, any agent will be acting on a best efforts basis for the period of its appointment.

If an applicable prospectus supplement indicates, we will authorize agents, underwriters or dealers to solicit offers by certain specified institutions to purchase offered securities from us at the public offering price set forth

in the prospectus supplement under delayed delivery contracts providing for payment and delivery on a specified date in the future. These contracts will be subject only to those conditions set forth in the prospectus supplement, and the prospectus supplement will set forth the commission payable for solicitation of the contracts.

Under agreements entered into with us, agents and underwriters who participate in the distribution of the offered securities may be entitled to indemnification by us against certain civil liabilities, including liabilities under the Securities Act of 1933, or to contribution with respect to payments which the agents or underwriters may be required to make. Agents and underwriters may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

LEGAL MATTERS

The validity of the issuance of the offered securities will be passed upon for us by Cravath, Swaine & Moore, New York, New York, who will rely as to matters of Kentucky law upon the opinion of David L. Hausrath, Esq., our Vice President and General Counsel. Cravath, Swaine & Moore has in the past represented and continues to represent us in other matters on a regular basis. Samuel C. Butler is a director of ours and a partner in the law firm of Cravath, Swaine & Moore and owns beneficially 74,009 shares of our common stock (includes stock options exercisable within 60 days and common stock units held in our deferred compensation plan). David L. Hausrath owns beneficially 40,481 shares of our common stock (includes stock options exercisable within 60 days and common stock units held in our deferred compensation plan).

EXPERTS

The consolidated financial statements and schedule of Ashland Inc. incorporated by reference or included in Ashland Inc.'s Annual Report (Form 10-K) (as amended by Form 10-K/A) for the year ended September 30, 2000, have been audited by Ernst & Young LLP, independent auditors, as set forth in their report thereon included therein and incorporated herein by reference. The consolidated financial statements and schedules of Arch Coal, Inc. incorporated by reference or included in Ashland Inc.'s Annual Report (Form 10-K) (as amended by Form 10-K/A) for the year ended September 30, 2000, have been audited by Ernst & Young, LLP, independent auditors, as set forth in their report thereon included therein. Such consolidated financial statements and schedules have been incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing. The consolidated financial statements of MAP incorporated by reference or included in Ashland Inc.'s Annual Report Amendment No. 1 (Form 10-K/A) for the year ended September 30, 2000, have been audited by PricewaterhouseCoopers LLP, independent accountants, as set forth in their report thereon included therein and incorporated herein by reference. Such consolidated financial statements have been incorporated herein by reference in reliance upon such report given upon the authority of such firm as experts in accounting and auditing.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The expenses in connection with the issuance and distribution of the securities being registered, other than underwriting compensation, are:

Filing Fee for Registration Statement	\$ 75,000
Legal Fees and Expenses.....	75,000
Accounting Fees and Expenses.....	30,000
Trustee's Fees and Expenses.....	10,000
Printing and Engraving Fees.....	25,000
Miscellaneous.....	15,000

Total.....	\$230,000
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All of the above amounts, other than the Commission filing fee, are estimates only.

Item 15. Indemnification of Directors and Officers.

Sections 271B.8-500 through 580 of the Kentucky Business Corporation Act contain detailed provisions for indemnification of directors and officers of Kentucky corporations against judgments, penalties, fines, settlements and reasonable expenses in connection with litigation. Under Kentucky law, the provisions of a company's articles and by-laws may govern the indemnification of officers and directors in lieu of the indemnification provided for by statute. The Registrant has elected to indemnify its officers and directors pursuant to its Restated Articles, its By-laws and by contract rather than to have such indemnification governed by the statutory provisions.

Article X of the Restated Articles permits, but does not require, the Registrant to indemnify its directors, officers and employees to the fullest extent permitted by law. The Registrant's By-laws require indemnification of officers and employees of the Registrant and its subsidiaries under certain circumstances. The Registrant has entered into indemnification contracts with each of its directors that require indemnification to the fullest extent permitted by law, subject to certain exceptions and limitations.

The Registrant has purchased insurance which insures (subject to certain terms and conditions, exclusions and deductibles) the Registrant against certain costs which it might be required to pay by way of indemnification to its directors or officers under its Restated Articles or By-laws, indemnification agreements or otherwise and protects individual directors and officers from certain losses for which they might not be indemnified by the Registrant. In addition, the Registrant has purchased insurance which provides liability coverage (subject to certain terms and conditions, exclusions and deductibles) for amounts which the Registrant, or the fiduciaries under its employee benefit plans, which may include its directors, officers and employees, might be required to pay as a result of a breach of fiduciary duty.

Item 16. Exhibits.

The following Exhibits are filed as part of this Registration Statement:

**1.1 --Form of Underwriting Agreement.

*1.2 --Form of Distribution Agreement.

3.1 --Second Restated Articles of Incorporation of the Company, as amended effective January 30, 1998 (incorporated by reference to Exhibit 3 to Registrant's Form 10-Q for the quarter ended December 31, 1997).

- 3.2 --By-laws of the Company, as amended effective June 21, 2001 (incorporated by reference to Exhibit 3.2 to Registrant's Form 10-Q for the quarter ended June 30, 2001).
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- **4.10 --Form of Warrant Agreement for Common Stock.
- **4.11 --Form of Warrant Certificate for Common Stock.
- **4.12 --Form of Deposit Agreement for Depositary Shares.
- **4.13 --Form of Depositary Receipt.
- *4.14 --Form of Certificate of Common Stock, par value \$1.00 per share, of the Company.
- *4.15 --Form of Debt Securities (Certificated Medium-Term Note, Series K, Fixed Rate).
- *4.16 --Form of Debt Securities (Certificated Medium-Term Note, Series K, Floating Rate).
- *4.17 --Form of Debt Securities (Book-Entry Medium-Term Note, Series K, Fixed Rate).
- *4.18 --Form of Debt Securities (Book-Entry Medium-Term Note, Series K, Floating Rate).
- *5 --Opinion of David L. Hausrath, Esq.
- 12 --Computation of Ratios of Earnings to Fixed Charges and Earnings to Combined Fixed Charges and Preferred Stock Dividends (incorporated by reference to Exhibit 12 to Registrant's Form 10-Q for the quarter ended June 30, 2001).
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- *24 --Power of Attorney, including resolutions of the board of directors.
- *25 --Form T-1 Statement of Eligibility and Qualification of Trustee under the Trust Indenture Act of 1939 for U.S. Bank National Association.

- -----
 *Filed herewith.

**To be filed.

Item 17. Undertakings.

(A) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

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

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement and

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

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

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

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

(B) The undersigned Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered herein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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

(D) The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration statement as of the time it was declared effective.

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

(E) The undersigned Registrant hereby undertakes to file an application for the purpose of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act in accordance with the rules and regulations prescribed by the Commission under Section 305(b)(2) of the Trust Indenture Act.

SIGNATURES

Pursuant to the requirements of the Securities Act, Ashland certifies that it has reasonable grounds to believe that it meets all the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Covington, Commonwealth of Kentucky, on September 7, 2001.

ASHLAND INC.,

By /S/ DAVID L. HAUSRATH

David L. Hausrath
Vice President and General Counsel

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed below by the following persons in the capacities indicated on the 7th day of September, 2001.

Signature -----	Title -----
* ----- Paul W. Chellgren	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
* ----- J. Marvin Quin	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
* ----- Kenneth L. Aulen	Administrative Vice President and Controller (Principal Accounting Officer)
* ----- Samuel C. Butler	Director
* ----- Frank C. Carlucci	Director
* ----- Ernest H. Drew	Director
* ----- James B. Farley	Director
* ----- Ralph E. Gomory	Director
* ----- Bernadine P. Healy	Director
* ----- Mannie L. Jackson	Director

Signature -----	Title -----
*	
----- Patrick F. Noonan	Director
*	
----- Jane C. Pfeiffer	Director
*	
----- William L. Rouse, Jr.	Director
*	
----- Theodore M. Solso	Director
/S/ DAVID L. HAUSRATH *By	
----- David L. Hausrath Attorney-in-fact	

 * Original powers of attorney authorizing Paul W. Chellgren, David L. Hausrath and Linda L. Foss and each of them to sign the Registration Statement and amendments thereto on behalf of the above-mentioned directors and officers of the Registrant have been filed with the Commission as Exhibit 24 to the Registration Statement.

EXHIBIT INDEX

Exhibit No. -----	Description -----
**1.1	--Form of Underwriting Agreement.
*1.2	--Form of Distribution Agreement.
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*Filed herewith.

**To be filed.

U.S. \$350,000,000

MULTIPLE CURRENCY
MEDIUM-TERM NOTES, SERIES K

DUE NINE MONTHS OR MORE
FROM DATE OF ISSUE

ASHLAND INC.
DISTRIBUTION AGREEMENT

September __, 2001
New York, New York

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017

Salomon Smith Barney Inc.
388 Greenwich Street
New York, NY 10013

Banc of America Securities LLC
Bank of America Corporate Center
100 North Tryon Street

Charlotte, NC 28255

Ladies and Gentlemen:

Ashland Inc., a Kentucky corporation (the "Company"), confirms its agreement with you with respect to the issue and sale by the Company of up to \$350,000,000 aggregate principal amount of its Medium-Term Notes, Series K, Due Nine Months or More from Date of Issue (the "Notes"). The Notes will have the interest rates, maturities, redemption provisions and other terms as set forth in a pricing supplement ("Pricing Supplement") to the Prospectus referred to below. The Notes will be issued under an Indenture dated as of September __, 2001 (the "Indenture"), between the Company and U.S. Bank National Association, as trustee (the "Trustee"). The Notes will be issued, and the terms thereof established, in accordance with the Indenture and, in the case of Notes sold pursuant to Section 1(a), the Medium-Term Notes Administrative Procedures attached hereto as Annex A (the "Procedures"). For the purposes of this

Agreement, the term "Agents" shall refer to any or all of you (and any other person appointed by the Company in accordance with Section 1(a)) acting solely in the capacity as agent for the Company pursuant to Section 1(a) and not as principal, the term "Purchasers" shall refer to any or all of you acting solely as principal pursuant to Section 1(g) and not as agent, the term "you" shall refer to you acting in both such capacities or in either such capacity and the term "Closing Date" shall mean the date of delivery of any Notes sold hereunder, whether to purchasers solicited by you as agents or to you as principal. The term "Terms Agreement" is defined in Section 1(g). Other terms are defined in Section 3.

1. Appointment of Agent; Solicitation by the Agent of Offers to Purchase; Sales of Notes to a Purchaser. (a) Subject to the terms and conditions set forth herein, the Company hereby appoints the Agents to act as its agents for the purpose of soliciting offers to purchase all or part of the Notes from the Company upon the terms set forth in the Prospectus, as amended or supplemented from time to time, and in the Procedures. The Company shall have the right to appoint additional persons to act as its agents for such purposes upon three days prior notice to the Agents then acting hereunder so long as any such additional persons become parties to this Agreement upon the same terms and conditions as shall then be applicable to such Agents. So long as this Agreement shall remain in effect with respect to any Agents, the Company shall not, without the consent of such Agents, solicit offers to purchase Notes otherwise than through one of such Agents, except as contemplated by Section 1(g) hereof and except that nothing contained herein shall be construed to prevent the Company from selling Notes at any time (x) in a firm commitment underwriting pursuant to an underwriting agreement which does not provide for a continuous offering of such Notes or (y) directly to investors other than the Purchasers, and no commission shall be payable to the Agents with respect to any such sales. The Company also reserves the right to sell Notes through agents other than pursuant to this Agreement where offers to purchase are received through such agents on an unsolicited basis. Settlement of such sales will be on substantially the same terms and conditions as are contained herein, including commissions.

(b) On the basis of the representations and warranties set forth herein, but subject to the terms and conditions set forth herein, each Agent agrees to use its reasonable efforts, as agent of the Company, to solicit offers to purchase Notes from the Company upon the terms set forth in the Prospectus, as amended or supplemented from time to time, and in the Procedures. Subject to the provisions of Section 1(c) and to the Procedures, offers for the purchase of Notes may be solicited at such times and in such amounts as each Agent may from time to time deem advisable.

(c) The Company reserves the right, in its sole discretion, to suspend solicitation of offers to purchase Notes from the Company at any time for any period of time or permanently. Upon receipt of at least one business day's prior notice from the Company, the Agents forthwith will suspend their solicitation of offers to purchase Notes from the Company until such time as the Company has advised the Agents that such solicitation may be resumed.

(d) Each Agent will communicate to the Company, orally or in writing, each offer to purchase Notes from the Company that is received by such Agent as agent of the Company and that is not rejected by such Agent as provided below. The Company will have the sole right to accept offers to purchase Notes from the Company and may reject any such offer, in whole or in part, for any reason. Each Agent may, without notice to the Company, in its discretion reasonably exercised, reject any offer to purchase Notes from the Company that is received by such Agent, in whole or in part, and any such rejection shall not be deemed a breach of such Agent's agreements contained herein.

(e) The Company agrees to pay each Agent a commission, on the Closing Date with respect to each sale of Notes by the Company as a result of a solicitation made by such Agent, in an amount equal to that percentage specified in Schedule I hereto of the aggregate principal amount of each Note sold by the Company. Such commission shall be payable as specified in the Procedures. The commission rates may be amended from time to time by written agreement of the Company and the Agents. The Terms Agreement may specify any concessions allowed or reallocated or paid to dealers.

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

(g) Subject to the terms and conditions stated herein, whenever the Company and you determine that the Company shall sell Notes directly to any or all of you acting as principal (the "Purchaser"), each such sale of Notes shall be made in accordance with the terms of this Agreement and any supplemental agreement relating thereto between the Company and the Purchaser. Each such supplemental agreement (which shall be in the form of Annex B or such other form as may be agreed upon by the Company and the Purchaser) is herein referred to as a "Terms Agreement". The Purchaser's commitment to purchase Notes pursuant to any Terms Agreement shall be deemed to have been made on the basis

of the representations and warranties of the Company herein contained and shall be subject to the terms and conditions herein set forth. Each Terms Agreement shall describe the Notes to be purchased by the Purchaser pursuant thereto, specify the maturity and principal amount of such Notes, the price to be paid to the Company for such Notes, the rate at which interest will be paid on the Notes, the Closing Date for such Notes, the place of delivery of the Notes and payment therefor, the method of payment and any modification of the requirements for the delivery of the opinions of counsel, the certificates from the Company or its officers, and the letter from the Company's independent public accountants, pursuant to Section 7(c). Such Terms Agreement shall also specify the period of time referred to in Section 5(1). The Terms Agreement may specify the terms upon which any Agent may resell any Notes to other dealers.

Delivery of the certificates, if the Notes are certificated, or entry into the books of the Depository Trust Company, if the Notes are book-entry Notes, for Notes sold to the Purchaser pursuant to any Terms Agreement shall be made as agreed to between the Company and the Purchaser as set forth in the respective Terms Agreement, not later than the Closing Date set forth in such Terms Agreement, against payment of funds to the Company in the amount due to the Company for such Notes by the method and in the form set forth in the respective Terms Agreement.

2. Offering Procedures. The Procedures may be amended only by written agreement of the Company and the Agents after notice to the Trustee, and, to the extent any such amendment materially affects the Trustee, with the approval of the Trustee. The Company and the Agents agree to perform the respective duties and obligations specifically provided to be performed by them in the Procedures. The Company will furnish to the Trustee a copy of the Procedures as from time to time in effect.

3. Registration Statement and Prospectus. The Company has filed with the Securities and Exchange Commission (the "Commission"), pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the published rules and regulations adopted by the Commission thereunder (the "Rules"), a registration statement on Form S-3 (No. 333-o) (the "Registration Statement") relating to \$600,000,000 aggregate principal amount of securities, including debt securities (the "Securities") of the Company registered under the Securities Act. The Company has filed or will file with the Commission pursuant to the applicable paragraph of Rule 424(b) under the Securities Act, a supplement to the form of prospectus included in the Registration Statement relating to the Notes and the plan of distribution thereof (the "Prospectus Supplement"). In connection with the sale of the Notes, the Company proposes to file with the Commission pursuant to the applicable paragraph of Rule 424(b) under the Securities Act

further supplements to the Prospectus Supplement specifying the interest rates, maturity dates, redemption provisions and other similar terms of the Notes sold pursuant hereto or the offering thereof. The Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"). The term "Effective Date" shall mean each date that the Registration Statement and any post-effective amendment thereto became effective. "Basic Prospectus" shall mean the form of basic prospectus dated September __, 2001 relating to the Securities contained in the Registration Statement. The term "Prospectus" means the Basic Prospectus as supplemented by the Prospectus Supplement. Any reference herein to the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus includes the documents incorporated by reference therein pursuant to Item 12 of Form S-3 (the "Incorporated Documents") which were or will be filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or before the Effective Date of the Registration Statement or the issue date of the Basic Prospectus, the Prospectus Supplement or the Prospectus, as the case may be, and any reference herein to "amend", "amendment" or "supplement" with respect to the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus includes the Incorporated Documents filed under the Exchange Act after the Effective Date of the Registration Statement or the issue date of the Basic Prospectus, the Prospectus Supplement or the Prospectus, as the case may be.

The Company confirms that you are authorized to distribute the Prospectus and any amendments or supplements thereto.

4. Representations and Warranties. The Company represents and warrants to you as follows:

(a) The Company meets the requirements for the use of Form S-3 under the Securities Act. The Registration Statement meets the requirements set forth in Rule 415(a)(1)(x) of the Rules and complies in all other material respects with Rule 415 of the Rules.

(b) As of the date hereof, when any amendment to the Registration Statement becomes effective, when any document incorporated by reference in the Registration Statement is filed with the Commission, when any amendment or supplement to the Prospectus is filed with the Commission pursuant to Rule 424 of the Rules, as of the date of any Terms Agreement and on any Closing Date, (i) the Registration Statement, as amended as of any such time, the Prospectus, as amended or supplemented as of any such time, and the Incorporated Documents will comply in all material respects with the applicable requirements of the Securities Act and the Rules, and the Exchange Act and the Trust Indenture Act and the respective published rules and regulations adopted by the Commission

thereunder, (ii) the Registration Statement, as amended as of any such time, did not or will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading, and (iii) the Prospectus, as supplemented as of any such time, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; except that this representation and warranty does not apply to (x) statements or omissions made in reliance on and in conformity with information relating to you furnished in writing to the Company by you expressly for use in the Registration Statement, the Prospectus or any amendment or supplement thereto or (y) that part of the Registration Statement consisting of the Statement of Eligibility and Qualification on Form T-1 of the Trustee under the Trust Indenture Act, except statements or omissions in such Statement made in reliance upon information furnished in writing to the Trustee by or on behalf of the Company for use therein.

5. Agreements. (a) Prior to the termination of the offering of the Notes under this Agreement, the Company will not file any amendment or supplement to the Registration Statement or the Prospectus (except for a supplement relating to an offering of Securities other than the Notes and filings with the Commission pursuant to the Exchange Act) unless a copy thereof has been submitted to you a reasonable period of time before its filing and you have not reasonably objected thereto within a reasonable period of time after receiving such copy. Subject to the foregoing sentence, the Company will cause each amendment or supplement to the Prospectus to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Rules or, in the case of any document to be incorporated therein by reference, to be filed with the Commission as required pursuant to the Exchange Act, within the time period prescribed.

(b) The Company will advise you promptly (i) when each amendment or supplement to the Prospectus shall have been filed with the Commission pursuant to Rule 424(b) of the Rules or, in the case of any document incorporated therein by reference, when such document shall have been filed with the Commission pursuant to the Exchange Act, (ii) when, prior to the termination of the offering of the Notes, any amendment to the Registration Statement shall have been filed or become effective, (iii) of the initiation or threatening of any proceedings for, or receipt by the Company of any notice with respect to, the suspension of the qualification of the Notes for sale in any jurisdiction or the issuance of any order by the Commission suspending the effectiveness of the Registration Statement, and (iv) of the receipt by the Company or any representative or attorney of the Company of any other communication from the Commission relating to the Registration Statement, the Prospectus or any amendment or supplement thereto or to the transactions contemplated by this Agreement. The Company will use

reasonable efforts to prevent the issuance of an order suspending the effectiveness of the Registration Statement and, if any such order is issued, to obtain its lifting as soon as possible.

(c) The Company will deliver to you, without charge, three signed copies of the Registration Statement and each post-effective amendment thereto (including all exhibits filed with any such document) and as many conformed copies of the Registration Statement and each such amendment (excluding exhibits) and the Indenture as you may reasonably request.

(d) During any Marketing Time, when a prospectus is required by law to be delivered by you, the Company will deliver, without charge, to you, at such office or offices as you may designate, as many copies of the Prospectus or any amendment or supplement thereto as you may reasonably request, and, if any event occurs during such period as a result of which the Prospectus, as then amended or supplemented, would include any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if during such period it is necessary to amend the Registration Statement or to amend or supplement the Prospectus to comply with the Securities Act or the Rules or the Exchange Act or the published rules and regulations adopted by the Commission thereunder, the Company promptly will (y) notify you to suspend solicitation of offers to purchase Notes from the Company and (z) prepare and file with the Commission, subject to Section 5(a), and deliver, without charge, to you, an amendment or supplement which will correct such statement or omission or effect such compliance, and supply any supplemented Prospectus to you in such quantities as you may reasonably request. "Marketing Time" means any time when (i) no suspension of solicitation of offers to purchase Notes pursuant to Section 1(c) shall be in effect, (ii) you shall own any Notes with the intention of reselling them or (iii) the Company has accepted an offer to purchase Notes but the related settlement has not occurred.

(e) The Company will make generally available to its security holders as soon as practicable, but in any event not later than 15 months after (i) the Effective Date of the Registration Statement, (ii) the Effective Date of each post-effective amendment to the Registration Statement, and (iii) the date of each filing by the Company with the Commission of an Annual Report on Form 10-K that is incorporated by reference in the Registration Statement, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 of the Rules.

(f) The Company will take such actions as you may reasonably designate in order to qualify the Notes for offer and sale under the securities or "blue sky"

laws of such jurisdictions as you designate, will maintain such qualification in effect for so long as may be required for the distribution of the Notes and will arrange for the determination of the legality of the Notes for purchase by institutional investors.

(g) During the term of this Agreement, the Company will supply to you copies of such financial statements and other periodic and special reports as the Company may from time to time distribute generally to the holders of any class of its capital stock and of each annual or other report it is required to file with the Commission. The Company shall furnish to you such information, documents, certificates of officers of the Company and opinions of counsel for the Company relating to the business, operations and affairs of the Company, the Registration Statement, the Prospectus, and any amendments thereof or supplements thereto, the Indenture, the Notes, this Agreement, the Procedures and the performance by the Company and you of its and your respective obligations hereunder and thereunder as you may from time to time and at any time prior to the termination of this Agreement reasonably request.

(h) The Company will, whether or not the transactions contemplated by this Agreement are consummated or this Agreement is terminated, (i) pay, or reimburse if paid by you, all costs and expenses incident to the performance of the obligations of the Company under this Agreement, including costs and expenses relating to (A) the preparation, printing and filing of the Registration Statement and exhibits thereto, the Prospectus, all amendments and supplements to the Registration Statement and the Prospectus, and the printing or other reproduction of the Indenture and this Agreement, (B) the authorization and issuance of the Notes, the preparation and delivery of certificates for the Notes, and the fees charged in connection with the maintenance of a book-entry system for the Notes, (C) the registration or qualification of the Notes for offer and sale under the securities or "blue sky" laws of the jurisdictions referred to in paragraph (f) of this Section 5 and the determination of the legality of the Notes for investment, including the reasonable fees and disbursements of counsel for you in that connection, and the preparation and printing of preliminary and supplemental "blue sky" memoranda and legal investment memoranda, (D) the furnishing (including costs of shipping and mailing) to you of copies of the Prospectus, and all amendments or supplements to the Prospectus, and of all other documents, reports and other information required by this Section to be so furnished, (E) all transfer taxes, if any, with respect to the sale and delivery of the Notes by the Company, (F) the fees and expenses of the Trustee, and (G) the fees charged by rating agencies in connection with any rating of the Notes, (ii) reimburse you on a quarterly basis for all reasonable out-of-pocket expenses (including advertising expenses) incurred by you with the advance approval of the Company, and (iii)

reimburse the reasonable fees and disbursements of counsel for you incurred in connection with this Agreement.

(i) During any Marketing Time, each time that either of the Registration Statement or the Prospectus is amended or supplemented (other than by an amendment or supplement (x) relating to any offering of Securities other than the Notes, (y) providing solely for the specification of or a change in the maturity dates, the interest rates, the issuance prices or other similar terms of any Notes sold pursuant hereto or (z) resulting from the filing by the Company of a Current Report on Form 8-K (or any similar successor form), unless in the case of clause (z) above, in your reasonable judgment, such Current Report is of such a nature that a certificate should be furnished), including by the filing of any document incorporated therein by reference, the Company will deliver or cause to be delivered forthwith to you a certificate of the Company, signed by the Chairman of the Board, the President, or any Senior or Administrative Vice President or any Vice President and the principal financial or accounting officer of the Company, dated the date of the effectiveness of such amendment or the date of filing of such supplement, in form reasonably satisfactory to you, to the effect that the statements contained in the certificate that was last furnished to you pursuant to either Section 6(c) or this paragraph (i) are true and correct at the time of the effectiveness of such amendment or the filing of such supplement as though made at and as of such time (except that (i) the last day of the fiscal quarter for which financial statements of the Company were last filed with the Commission shall be substituted for the corresponding date in such certificate and (ii) such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of the effectiveness of such amendment or the filing of such supplement) or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in Section 6(c) but modified to relate to the last day of the fiscal quarter for which financial statements of the Company were last filed with the Commission and to the Registration Statement and the Prospectus as amended or supplemented to the time of the effectiveness of such amendment or the filing of such supplement.

(j) During any Marketing Time, each time that either of the Registration Statement or the Prospectus is amended or supplemented (other than by an amendment or supplement (x) relating to any offering of Securities other than the Notes, (y) providing solely for the specifications of or a change in the maturity dates, the interest rates, the issuance prices or other similar terms of any Notes sold pursuant hereto, or (z) resulting from the filing by the Company of a Quarterly Report on Form 10-Q or a Current Report on Form 8-K (or any similar successor forms), unless, in the case of clause (z) above, in your reasonable judgment, such Quarterly or Current Report is of such a nature that an opinion of counsel should be furnished), including by the filing of any document

incorporated therein by reference, the Company will furnish or cause to be furnished forthwith to you a written opinion of counsel for the Company reasonably satisfactory to you, dated the date of the effectiveness of such amendment or date of filing of such supplement, in form reasonably satisfactory to you, of the same tenor as the opinion referred to in Section 6(d) but modified to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of the effectiveness of such amendment or the filing of such supplement or, in lieu of such opinion, counsel last furnishing such an opinion to you may furnish you with a letter to the effect that you may rely on such counsel's last opinion to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such counsel's last opinion will be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of the effectiveness of such amendment or the filing of such supplement).

(k) During any Marketing Time, each time that either of the Registration Statement or the Prospectus is amended or supplemented to set forth amended or supplemental financial information (other than by an amendment or supplement resulting from the filing by the Company of a Quarterly Report on Form 10-Q or a Current Report on Form 8-K (or any similar successor forms), unless, in your reasonable judgment, such Quarterly Report or Current Report is of such a nature that a letter from the Company's independent public accountants should be furnished), the Company will cause its independent public accountants forthwith to furnish a letter, dated the date of the effectiveness of such amendment or the date of filing of such supplement, in form satisfactory to you, of the same tenor as the letter referred to in Section 6(f) with such changes as may be necessary to reflect the amended and supplemental financial information included or incorporated by reference in the Registration Statement and the Prospectus, as amended or supplemented to the date of such letter, provided that if either of the Registration Statement or the Prospectus is amended or supplemented solely to include or incorporate by reference financial information as of and for a fiscal quarter and you shall have reasonably requested that such a letter be furnished, the Company's independent public accountants may limit the scope of such letter, which shall be satisfactory in form to you, to the unaudited financial statements, the related "Management's Discussion and Analysis of Financial Condition and Results of Operations" and any other information of an accounting, financial or statistical nature included in such amendment or supplement.

(l) During the period, if any, specified in any Terms Agreement, the Company shall not, without the prior consent of the Purchaser, issue or announce the proposed issuance of any of its debt securities, including Notes, with terms substantially similar to the Notes being purchased pursuant to such Terms Agreement.

(m) Each acceptance by the Company of an offer for the purchase of Notes shall be deemed to be an affirmation that its representations and warranties contained in this Agreement are true and correct at the time of such acceptance and a covenant that such representations and warranties will be true and correct at the time of delivery to the purchaser of the Notes relating to such acceptance as though made at and as of each such time, it being understood that such representations and warranties shall relate to the Registration Statement and the Prospectus as amended or supplemented at each such time. Each such acceptance by the Company of an offer for the purchase of Notes shall be deemed to constitute an additional representation, warranty and agreement by the Company that, as of the settlement date for the sale of such Notes, after giving effect to the issuance of such Notes, of any other Notes to be issued on or prior to such settlement date and of any other Securities, which have been issued and sold by the Company will not exceed the amount of Securities registered pursuant to the Registration Statement.

6. Conditions of the Agents' Obligations. The obligations of the Agents to solicit offers to purchase Notes from the Company are subject to the accuracy of the representations and warranties of the Company in this Agreement on the date of this Agreement, when any amendment to the Registration Statement becomes effective, when any document incorporated by reference in the Registration Statement is filed with the Commission, when any amendment or supplement to the Prospectus is filed with the Commission pursuant to the applicable paragraph of Rule 424(b) of the Rules, the date of each solicitation of an offer to purchase Notes from the Company and on each Closing Date, to performance by the Company of its obligations under this Agreement and to each of the following additional conditions:

(a) If filing of the Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), the Prospectus, and any such supplement, shall have been filed in the manner and within the time period required by Rule 424(b); and no order suspending the effectiveness of the Registration Statement, as amended from time to time, may be in effect and no proceedings for such purpose may be pending before or threatened by the Commission, and any requests for additional information on the part of the Commission (to be included in the Registration Statement or the Prospectus or otherwise) must be complied with to the reasonable satisfaction of the Agents.

(b) Since the date of the most recent financial statements included or incorporated by reference in the Prospectus, (i) there must not have been any material adverse change or decrease (of the type indicated in paragraphs (ii)(B) or (ii)(C) of Annex D to this Agreement) specified in the most recent letter of the type referred to in Section 5(k) or in paragraph (f) of this Section 6, (ii) there must

not have been any material adverse change in the general affairs, prospects, management, business, properties, financial condition or results of operations of the Company and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated by the Prospectus, as amended or supplemented at the time of acceptance by the Company of any offer to purchase the Notes, (iii) the Company and its subsidiaries taken as a whole must not have sustained any material loss or interference with their business or properties from fire, explosion, earthquake, flood or other calamity, whether or not covered by insurance, or from any labor dispute or any court or legislative or other governmental action, order or decree not described in the Prospectus, as then amended or supplemented at the time of acceptance by the Company of any offer to purchase the Notes, and (iv) there must not have been any downgrading in the rating of any of the Company's long-term debt securities by Standard & Poor's ("S&P") or Moody's Investors Service ("Moody's") or any public announcement that either S & P or Moody's has under surveillance or review its rating of the Company's long-term debt securities (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading of such rating), if, in the judgment of the Agents, any such development referred to in clause (i), (ii), (iii) or (iv) makes it impracticable or inadvisable to proceed with the soliciting of offers to purchase Notes from the Company as contemplated by the Prospectus, as then amended or supplemented.

(c) The Company shall have furnished to the Agents on the date of this Agreement a certificate of the Company, signed by the Chairman of the Board, the President, or any Senior or Administrative Vice President or any Vice President and the principal financial or accounting officer of the Company, dated such date, certifying that the signers have carefully examined the Registration Statement, the Prospectus, the Indenture and this Agreement, and, to the best of their knowledge, after reasonable investigation, (i) the representations and warranties of the Company in this Agreement are accurate on and as of the date of such certificate and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied as a condition to the obligation of the Agents to solicit offers to purchase the Notes, (ii) there has not been any material adverse change in the general affairs, prospects, management, business, properties, financial condition or results of operations of the Company and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated in the Prospectus, as amended or supplemented as of the date of such certificate, and (iii) no actions to suspend the effectiveness of the Registration Statement, as amended as of the date of such certificate, or to prohibit the sale of the Notes have been taken or threatened by the Commission.

(d) The Agents shall have received on the date of this Agreement from the General Counsel of the Company and Cravath, Swaine & Moore, special counsel to the Company, opinions or letters dated such date substantially in the forms set forth in Annex C-1, Annex C-2-A and Annex C-2-B to this Agreement.

(e) The Agents shall have received on the date of this Agreement from Davis Polk & Wardwell, their counsel, an opinion dated such date with respect to the Company, the Notes, the Indenture, the Registration Statement, the Prospectus, this Agreement and the form and sufficiency of all proceedings taken in connection with the sale and delivery of the Notes. Such opinion and proceedings shall be satisfactory in all respects to the Agents. The Company must have furnished to such counsel such documents as they may reasonably request for the purpose of enabling them to render such opinion.

(f) The Agents shall have received, at the date of this Agreement, a signed letter from Ernst & Young LLP substantially in the form of Annex D to this Agreement.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement will comply with this Agreement only if they are in form and scope reasonably satisfactory to the Agents and their counsel.

If any of the conditions specified in this Section 6 shall not have been fulfilled when and as provided in this Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement shall not be reasonably satisfactory in form and substance to the Agents and their counsel, this Agreement and all obligations of the Agents hereunder may be canceled at any time by the Agents. Notice of such cancellation shall be given to the Company in writing or by telephone or telegraph confirmed in writing. The documents required to be delivered by this Section 6 shall be delivered at the offices of Davis Polk & Wardwell, counsel for the Agents, at 450 Lexington Avenue, New York, New York, on the date of this Agreement.

7. Conditions to the Obligations of the Purchaser. The obligations of the Purchaser to purchase any Notes from the Company are subject to the accuracy, on the Closing Date for such Notes, of the representations and warranties of the Company in this Agreement, to performance by the Company of its obligations under this Agreement and to each of the following additional conditions:

(a) No stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or threatened.

(b) Since the date of the most recent financial statements included or incorporated by reference in the Prospectus, (i) there must not have been any material adverse change or decrease (of the type indicated in paragraphs (ii)(B) or (C) of Annex D to this Agreement) specified in the most recent letter of the type referred to in Section 5(k) or in paragraph (c) of this Section 7, (ii) there must not have been any material adverse change in the general affairs, prospects, management, business, properties, financial condition or results of operations of the Company and its subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business, except as set forth in or contemplated by the Prospectus, as amended or supplemented at the date of execution of the Terms Agreement relating to such Notes, (iii) the Company and its subsidiaries taken as a whole must not have sustained any material loss or interference with their business or properties from fire, explosion, earthquake, flood or other calamity, whether or not covered by insurance, or from any labor dispute or any court or legislative or other governmental action, order or decree not described in the Prospectus, as amended or supplemented at the date of execution of the Terms Agreement relating to such Notes, and (iv) there must not have been any downgrading in the rating of any of the Company's long-term debt securities by S&P or Moody's or any public announcement that either S & P or Moody's has under surveillance or review its rating of the Company's long-term debt securities (other than an announcement with positive implications of a possible upgrading, and no implication of a possible downgrading of such rating), if, in the judgment of the Purchaser, any such development referred to in clause (i), (ii), (iii) or (iv) makes it impracticable or inadvisable to consummate the sale and delivery of the Notes to the Purchaser as contemplated by the Prospectus, as then amended or supplemented.

(c) If specified by any related Terms Agreement and except to the extent modified by such Terms Agreement, the Purchaser shall have received (i) a certificate of the Company, dated as of such Closing Date, to the effect set forth in Section 6(c), (ii) the opinions or letters of the General Counsel of the Company and Cravath, Swaine & Moore, special counsel to the Company, each dated as of such Closing Date, to the effect set forth in Section 6(d), (iii) the opinion of Davis Polk & Wardwell, counsel for the Purchaser, dated as of such Closing Date, to the effect set forth in Section 6(e), and (iv) a letter of Ernst & Young LLP, independent accountants for the Company, dated as of such Closing Date, to the effect set forth in Section 6(f).

(d) Prior to the Closing Date, the Company shall have furnished to the Purchaser such further information, certificates and documents as the Purchaser may reasonably request.

If any of the conditions specified in this Section 7 shall not have been fulfilled when and as provided in this Agreement and any Terms Agreement, or if any of the opinions and certificates mentioned above or elsewhere in this Agreement or such Terms Agreement shall not be reasonably satisfactory in form and substance to the Purchaser and its counsel, such Terms Agreement and all obligations of the Purchaser thereunder and with respect to the Notes subject thereto may be canceled at, or at any time prior to, the respective Closing Date by the Purchaser. Notice of such cancellation shall be given to the Company in writing or by telephone or telegraph confirmed in writing

8. Right of Person Who Agreed to Purchase to Refuse to Purchase. The Company agrees that any person who has agreed to purchase and pay for any Note pursuant to a solicitation by the Agents, shall have the right to refuse to purchase such Note if, at the Closing Date therefor, any condition set forth in Section 6(a) and (b) shall not be satisfied.

9. Indemnification. (a) The Company will indemnify and hold harmless each of you and each person, if any, who controls any of you within the meaning of Section 15 of the Securities Act against any and all losses, claims, damages and liabilities, joint or several (including any investigation, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other Federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided that the Company will not be liable to such Agent, Purchaser or controlling person thereof to the extent that such loss, claim, damage or liability arises out of or is based upon an untrue statement or omission or alleged untrue statement or omission (i) made in reliance upon and in conformity with information relating to such Agent or Purchaser furnished in writing to the Company by such Agent or Purchaser expressly for use in the document or (ii) in a preliminary prospectus if the Prospectus, as amended or supplemented as of the time of the confirmation of the sale to such person, corrected the untrue statement or omission or alleged untrue statement or omission which is the basis of the loss, claim, damage or liability for which indemnification is sought and a copy of the Prospectus, as so amended (but excluding any documents incorporated therein by reference), was not sent or given to such person at or before the confirmation of the sale to such person in any case where such delivery is required by the Securities Act, unless such failure to

deliver the Prospectus, as so amended, was a result of noncompliance by the Company with Section 5(d). This indemnity agreement will be in addition to any liability that the Company might otherwise have.

(b) Each of you, severally and not jointly, will indemnify and hold harmless the Company, each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act, each director of the Company and each officer of the Company who signs the Registration Statement to the same extent as the foregoing indemnity from the Company to each of you, but only insofar as losses, claims, damages or liabilities arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission made in any preliminary prospectus, the Registration Statement or the Prospectus or any amendment or supplement thereto in reliance upon and in conformity with information relating to such Agent or Purchaser furnished in writing to the Company by such Agent or Purchaser expressly for use in the document, unless such Agent or Purchaser has notified the Company in writing that such information should no longer be used therein, it being understood and agreed that the following information has been furnished by each of you: (i) the second, fifth, sixth, seventh and eighth sentences of the second paragraph of text under the caption "Plan of Distribution" in the Prospectus Supplement relating to the terms of the offering by you and (ii) the tenth paragraph of text under the caption "Plan of Distribution" in the Prospectus Supplement relating to stabilization and over-allotment activities. This indemnity agreement will be in addition to any liability that you might otherwise have.

(c) Any party that proposes to assert the right to be indemnified under this Section 9 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 9, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission to so notify such indemnifying party will not relieve it from any liability that it may have to any indemnified party otherwise than under this Section 9. If any such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel who shall be reasonably satisfactory to the indemnified party, and, after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party

in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees and expenses of such counsel will be at the expense of such indemnified party unless (1) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (2) the indemnified party has reasonably concluded that there may be legal defenses available to it or other indemnified parties which are different from or in addition to those available to the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (3) the indemnifying party has not in fact employed counsel reasonably satisfactory to such indemnified party to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees and expenses of such counsel will be at the expense of the indemnifying party or parties and all such fees and expenses will be reimbursed promptly as they are incurred. An indemnifying party will not be liable for any settlement of any action or claim effected without its written consent or, in connection with any proceeding or related proceedings in the same jurisdiction, for the fees and expenses of more than one separate counsel for all indemnified parties.

10. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 9 is applicable in accordance with its terms but for any reason is held by a tribunal to be unavailable from the Company or any of you, the Company and each of you, severally and not jointly, will contribute to the aggregate losses, claims, damages and liabilities (including any investigation, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action or any claims asserted, but after deducting any contribution received by the Company from persons other than any of you, such as persons who control the Company within the meaning of the Securities Act, officers of the Company who signed the Registration Statement and directors of the Company, who may also be liable for contribution) to which the Company and you may be subject in such proportion so that each Agent or Purchaser is responsible for that portion represented by the percentage that the aggregate commissions received by such Agent or Purchaser pursuant to Section 1 bears to the aggregate principal amount of Notes sold by the Company which are the subject of the action and the Company is responsible for the balance; provided that (i) no Agent or Purchaser will be responsible for any amount in excess of the aggregate commissions received by such Agent or Purchaser pursuant to Section 1 in respect of the Notes which are the subject of the action and (ii) no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 10, any person who controls a party to this Agreement within the meaning of the Securities Act will have the same rights to contribution

as that party, and each officer of the Company who signed the Registration Statement and each director of the Company will have the same rights to contribution as the Company, subject in each case to clauses (i) and (ii) of this Section 10. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 10, notify such party or parties from whom contribution may be sought, but the omission so to notify will not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have otherwise than under this Section 10. No party will be liable for contribution with respect to any action or claim settled without its written consent.

11. Termination. (a) Upon three days written notice, this Agreement may be terminated for any reason at any time by the Company as to any or all of you, or may be terminated for any reason at any time by any or all of you as to those of you giving such notice. In the event of any such termination, no party giving such notice shall have any liability to the other party or parties hereto, except as provided in Sections 1(e), 5(h), 9, 10 and 12.

(b) Each Terms Agreement shall be subject to termination in the absolute discretion of the Purchaser, by notice given to the Company prior to delivery of any payment for Notes to be purchased thereunder, if prior to such time (1) trading in any securities of the Company is suspended by the Commission, by an exchange that lists such securities of the Company, or by the National Association of Securities Dealers Automated Quotation National Market System, (2) additional material governmental restrictions, not in force on the date of this Agreement, have been imposed upon trading in securities generally or minimum or maximum prices have been generally established on the New York Stock Exchange or on the American Stock Exchange, or trading in securities generally has been suspended on any such Exchange or a general banking moratorium has been established by Federal or New York authorities, or (3) any outbreak or material escalation of hostilities or other calamity or crisis occurs the effect of which is such as to make it impracticable to market such Notes.

12. Miscellaneous. The reimbursement, indemnification and contribution agreements in Sections 1(e), 5(h), 9, 10 and 11 and the representations and other agreements of the Company and you in this Agreement will remain in full force and effect until the sixth anniversary of the date of termination of this Agreement as to any party regardless of any termination of this Agreement or any investigation made by or on behalf of you, the Company or any controlling person and will survive delivery of and payment for the Notes.

This Agreement is for the benefit of you and the Company and their respective successors and, to the extent expressed in this Agreement, for the benefit of persons controlling you or the Company, and directors and officers of each of you and the Company, and their respective successors, and no other person, partnership, association or corporation shall acquire or have any right under or by virtue of this Agreement.

All notices and communications under this Agreement will be in writing, effective only on receipt and mailed or delivered, by messenger, facsimile transmission or otherwise, addressed to the parties as follows: if to the Agents or the Purchaser, to Credit Suisse First Boston Corporation, Eleven Madison Avenue, New York, N.Y. 10010-3629, attention of Helena M. Wilner, J.P. Morgan Securities Inc., 270 Park Avenue, 8th floor, New York, N.Y. 10017, attention: Medium-Term Note Department, Salomon Smith Barney Inc., 388 Greenwich Street, New York, New York 10013, Attention of Martha D. Bailey, and Banc of America Securities LLC, Bank of America Corporate Center, 100 North Tryon Street, Charlotte, North Carolina 28255, attention: Medium-Term Note Desk, and if to the Company, to Ashland Inc., 500 Diederich Boulevard, Russell, Kentucky 41169, attention of the Treasurer, except that legal notices will be sent to the attention of the General Counsel at 50 E. RiverCenter Boulevard, Covington, Kentucky 41012.

This Agreement may be signed in multiple counterparts that taken as a whole constitute one agreement.

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

Please confirm that the foregoing correctly sets forth the agreement between us.

Very truly yours,

ASHLAND INC.

By: _____
Title:

Confirmed:

CREDIT SUISSE FIRST BOSTON CORPORATION

By _____
Title:

J.P. MORGAN SECURITIES INC.

By _____
Title:

SALOMON SMITH BARNEY INC.

By _____
Title:

BANC OF AMERICA SECURITIES LLC

By _____
Title:

Medium-Term Note Administrative Procedures
September __, 2001

The Medium-Term Notes, Series K, due Nine Months or More from their issue date (the "Notes") are to be offered on a continuing basis by Ashland Inc. (the "Company"). Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc., Salomon Smith Barney Inc. and Banc of America Securities LLC, as agents (individually, an "Agent" and collectively, the "Agents"), have each agreed to use reasonable efforts to solicit offers to purchase the Notes. None of the Agents will be obligated to purchase Notes for their own accounts. The Notes are being sold pursuant to a Distribution Agreement, dated September __, 2001 (the "Distribution Agreement"), among the Company and the Agents, and will be issued pursuant to an Indenture, dated as of September __, 2001 (the "Indenture"), between the Company and U.S. Bank National Association, as trustee (the "Trustee"). The Notes will rank equally with all other unsecured and unsubordinated indebtedness of the Company and will have been registered with the Securities and Exchange Commission (the "Commission"). The Notes may be denominated in U.S. dollars, or in such foreign currencies or currency units as may be designated by the Company. The Notes are to be offered in an aggregate principal amount of up to U.S.\$350,000,000 (or the equivalent thereof if any of the Notes is denominated in foreign currency or currency units).

Administrative and record-keeping responsibilities will be handled for the Company by its Treasury and Finance Department. The Company will advise the Agents in writing of those persons handling administrative responsibilities with whom the Agents are to communicate regarding offers to purchase Notes and the details of their delivery. Administrative procedures and certain terms of the offering are explained below. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned thereto in the Distribution Agreement, the Prospectus or the Indenture.

Certain Terms of the Offering

Notes will be issued only in fully registered form and will be represented by either a global certificate (a "Global Certificate") delivered to U.S. Bank National Association, as custodian for The Depository Trust Company (the "Depository"), with ownership of beneficial interests in such Global Certificates recorded in the book-entry system maintained by the Depository (a "Book-Entry Note") or a certificate (a "Definitive Certificate") delivered to a person designated by an Agent.

U.S. Bank National Association, in addition to acting as Trustee, will act as Exchange Rate Agent, Paying Agent, Calculation Agent and Security Registrar for the Company, in each case, under the Indenture (in any of the foregoing capacities, as applicable, "U.S. Bank").

Part I contains provisions common to Book-Entry and Certificated Notes. Part II contains provisions specific to Certificated Notes and Part III contains provisions specific to Book-Entry Notes. To the extent the procedures set forth below conflict with the provisions of the Notes, the Indenture or the Distribution Agreement, the terms and provisions of the Notes, the Indenture and the Distribution Agreement shall prevail. Unless otherwise defined herein, terms defined in the Indenture or the Notes shall be used herein as therein defined.

PART I: GENERAL

Price to Public

Each Note will be issued at or above par.

Denominations

The minimum denomination of the Notes will be \$1,000 and in denominations of integral multiples of \$1,000 in excess thereof.

Issue Date

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

Maturities

Each Note will mature on a Business Day, selected by the purchaser and agreed to by the Company, which will be at least nine months after the Issue Date. Each Floating Rate Note (as defined below) will mature on an Interest Payment Date (as defined below) for such Note.

Interest Payment

Each interest bearing Note will bear interest from and including its Issue Date, or in the case of Notes issued upon transfer or exchange, from the most recent Interest Payment Date to which interest has been paid or provided for, to but excluding the relevant Interest Payment Date or the maturity date of such Note. Interest payments, if any, will be the amount of interest accrued from and including the next preceding Interest Payment Date in respect of which interest has been paid or duly provided for, or from and including the date of issue, if no interest has been paid with respect to such Note, to but excluding the applicable Interest Payment Date. Each Note will bear interest (i) in the case of Notes bearing interest at a Fixed Rate (the "Fixed Rate Notes"), at the annual rate stated on the face thereof, payable semi-annually in arrears on February 15 and August 15 unless otherwise specified in the related pricing supplement to the Prospectus Supplement (the "Pricing Supplement") (each an "Interest Payment Date" with respect to such Fixed Rate Note) and at maturity and (ii) in the case of Notes bearing interest at a rate or rates determined by reference to an interest rate formula (the "Floating Rate Notes"), at a rate determined pursuant to the formula stated on the face thereof, payable in arrears on such dates as are specified therein and in the Pricing Supplement (each such date an "Interest Payment Date" with respect to such Floating Rate Note). In addition, a Floating Rate Note may bear interest at the lowest or highest or average of two or more interest rate formulae. Interest (including payments for partial periods) will be calculated and paid (a) in the case of Fixed Rate Notes, on the basis of a 360-day year of twelve 30-day months, (b) in the case of Floating Rate Notes whose interest formula is based on the Treasury Rate or the Prime Rate, on the basis of the actual number of days in the year divided by 365 or 366, as the case may be, and (c) in the case of Floating Rate Notes whose interest formula is based on the Commercial Paper Rate, the LIBOR Rate, the Federal Funds Rate, or on the CD Rate, on the basis of the actual number of days in the year divided by 360. Interest will be payable (a) in the case of Fixed Rate Notes, to the person in whose name the Note is registered at the close of business on the February 1 or August 1 (the Regular Record Dates with respect to Fixed Rate Notes) next preceding the Interest Payment Date, unless otherwise specified in the Pricing Supplement, and (b) in the case of Floating Rate Notes, to the person in whose name the Note is registered at the close of business on the dates established on the Issue Date and set forth in each such Note and in the applicable Pricing Supplement (the Regular Record Dates with respect to Floating Rate Notes); provided, however, that interest payable on a maturity date will be payable to the person to whom principal shall be payable. Unless otherwise set forth in the applicable Prospectus Supplement, the first payment of interest on any Note originally issued between a Regular Record Date and an Interest Payment Date will be made on the Interest Payment Date following the next succeeding Regular Record Date. With respect to Fixed Rate Notes, each

payment of interest shall include interest accrued to but excluding the date of such payment. For special provisions relating to Floating Rate Notes, see the section entitled "Description of the Notes" in the Prospectus Supplement relating to the Notes, dated September __, 2001, attached hereto and hereinafter referred to as the "Prospectus Supplement". Except in the case of Book-Entry Notes, all interest payments (excluding interest payments made at maturity) will be made by check mailed to the person entitled thereto as provided above. All interest payments on any Book-Entry Note will be made to the Depository, or its nominee, as Noteholder thereof, in accordance with arrangements then in effect between the Trustee and the Depository.

Trustee and U.S. Bank Not to Risk Funds

Nothing herein shall be deemed to require the Trustee or U.S. Bank to risk or expend its own funds in connection with any payment to the Company, or the Agents, or the Depository, or any Noteholder, it being understood by all parties that payments made by the Trustee or U.S. Bank to either the Company, or the Agents, or the Depository, or any Noteholder shall be made only to the extent that funds are provided to the Trustee for such purpose.

Advertising Costs

The Company will determine with the Agents the amount of advertising that may be appropriate in offering the Notes. Advertising expenses approved in advance by the Company will be paid by the Company.

Business Day

"Business Day" means any day, other than a Saturday or Sunday, that meets each of the following applicable requirements: the day is (a) not a day on which banking institutions are authorized or required by law or regulation to be closed in The City of New York, (b) if the Note is denominated in a Specified Currency other than the euro or United States dollars, not a day on which banking institutions are authorized or required by law or regulation to close in the principal financial center of the country of the Specified Currency, (c) if the Note is denominated in euro, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open, and (d) with respect to LIBOR Notes, a London Banking Day. "London Banking Day" means any day on which dealings in deposits in United States dollars are transacted in the London interbank market.

Procedures for Establishing the Terms of the Notes

The Company and the Agents will discuss from time to time the Issue Date, maturity date, interest rates, and other provisions of the Notes that may be sold as a result of the solicitation of offers by the Agents. If the Company decides to post rates and a decision has been reached to change interest rates, the Company will promptly notify each Agent. Each Agent will forthwith suspend solicitation of purchases. At that time, the Agents will recommend and the Company will establish rates to be so "posted". Following establishment of posted rates and prior to the filing or mailing described in the following sentence, the Agents may only record indications of interest in purchasing Notes at the posted rates. If the Company accepts an offer at the posted rates, it will prepare a Pricing Supplement reflecting the terms of such offer and will arrange to have such Pricing Supplement electronically filed with the Commission in accordance with the applicable paragraph of Rule 424(b) under the Act and Rule 101(a) of Regulation S-T, and will supply at least 10 copies of the Pricing Supplement to the Agent who presented such offer (the "Presenting Agent"). No settlements may occur prior to such mailing or filing and the Agents will not, prior to such mailing or filing, mail confirmations to customers who have offered to purchase Notes at the posted rates. The Company will not offer Notes denominated in a foreign currency unless it has received confirmation from the Trustee that the Trustee will be able to perform its duties in respect of such Notes, and that the Trustee has had sufficient time to make the necessary arrangements.

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

Suspension of Solicitation; Amendment or Supplement

As provided in the Distribution Agreement, the Company may suspend solicitation of purchases at any time and, upon receipt of at least one Business Day's prior notice from the Company, the Agents will each forthwith suspend solicitation until such time as the Company has advised them that solicitation of purchases may be resumed.

If the Agents receive the notice from the Company contemplated by Section 5(b) of the Distribution Agreement, they will promptly suspend solicitation and will only resume solicitation as provided in the Distribution Agreement. If the Company decides to amend or supplement the Registration Statement or the Prospectus relating to the Notes, it will promptly advise each Agent and will furnish each Agent with the proposed amendment or supplement in accordance with the terms of the Distribution Agreement. The Company will promptly file or mail to the Commission for filing such amendment or

supplement, provide the Agents with copies of any such amendment or supplement, confirm to the Agents that such amendment or supplement has been filed with the Commission and advise the Agents that solicitation may be resumed.

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

Acceptance of Offers

Each Agent will promptly advise the Company, orally or in writing, of each reasonable offer to purchase Notes received by it, other than those rejected by such Agent. Each Agent may, in its discretion reasonably exercised, without notice to the Company, reject any offer received by it, in whole or in part. The Company will have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. If the Company rejects an offer, the Company will promptly notify the Agent involved.

Delivery of Prospectus

A copy of the Prospectus as most recently amended or supplemented on the date of delivery thereof (except as provided below) must be delivered to a purchaser prior to or together with the earlier of the delivery of (i) the written confirmation provided for above, and (ii) any Note purchased by such purchaser. The Company shall ensure that the Presenting Agent receives copies of the Prospectus and each amendment or supplement thereto (including appropriate pricing supplements) in such quantities and within such time limits as will enable the Presenting Agent to deliver such confirmation or Note to a purchaser as contemplated by these procedures and in compliance with the preceding sentence. If, since the date of acceptance of a purchaser's offer, the Prospectus shall have been supplemented solely to reflect any sale of Notes on terms different from those agreed to between the Company and such purchaser or a change in posted rates not applicable to such purchaser, such purchaser shall not receive the Prospectus as supplemented by such new supplement, but shall receive the Prospectus as supplemented to reflect the terms of the Notes being purchased by such purchaser and otherwise as most recently amended or supplemented on the date of delivery of the Prospectus.

Determination of Settlement Date

All offers accepted by the Company will be settled no later than the third Business Day next succeeding the date of acceptance unless otherwise agreed by any purchaser and the Company. The settlement date shall be specified upon receipt of an offer.

PART II: CERTIFICATED NOTES

Settlement Date

The Company will instruct, by telecopy or other acceptable means, the Trustee to authenticate and deliver the Notes no later than 2:15 P.M., New York City time, on the settlement date. Such instructions will be given by the Company no later than 3:00 P.M., New York City time, on the Business Day prior to the settlement date unless the settlement date is the date of acceptance by the Company of the offer to purchase the Notes, in which case such instructions will be given by the Company by 10:00 A.M., New York City time.

Details for Settlement

For each offer accepted by the Company, the Presenting Agent shall communicate to the Company's Treasury and Finance Department by telephone, facsimile transmission or other acceptable means the following information (the "Purchase Information"):

1. Exact name in which the Note or Notes are to be registered ("registered owner").
2. Exact address of registered owner and, if different, the address for payment of principal and interest.
3. Taxpayer identification number of registered owner.
4. Principal amount of each Note in authorized denominations to be delivered to registered owner.
5. Currency or currency unit of such principal amount.
6. The issue price, interest rate, if fixed or, if floating, the initial interest rate, the interest rate basis, the spread or spread multiplier, the maximum or minimum interest rates, if any, the index maturity, the Interest Reset Dates and the

Interest Payment Dates (as such terms are defined in the Prospectus Supplement) of each Note, and all other items necessary to complete each Note.

7. Maturity date.
8. Issue date.
9. Settlement date.
10. Presenting Agent's commission (to be paid by the Company upon settlement).
11. Terms of redemption and Redemption Date, if any.
12. Net proceeds to the Company.

The Issue Date of, and the settlement date for, Notes will be the same. Before accepting any offer to purchase Notes to be settled in less than three Business Days, the Company shall verify that the Trustee will have adequate time to prepare and authenticate the Notes.

After receiving the details for each offer from the Presenting Agent, the Company will, after recording the details and any necessary calculations, communicate the Purchase Information by facsimile transmission or other acceptable means, to the Trustee. The Company will identify in writing to the Trustee officers of the Company who are authorized to provide such details for each such offer to the Trustee.

Settlement; Note Deliveries and Cash Payment

Upon the receipt of appropriate documentation and instructions from the Company, the Trustee will cause the Notes to be prepared and authenticated.

The Trustee will deliver the Notes, in accordance with instructions from the Company, to the Presenting Agent, as the Company's agent, for the benefit of the purchaser. The Presenting Agent shall make payment in immediately available funds directly to the account of the Company in an amount equal to the face amount of the Notes.

The Presenting Agent, as the Company's agent, will deliver the Notes (with the written confirmation provided for above) to the purchaser thereof against payment by such purchaser in immediately available funds. Delivery of any

confirmation or Note will be made in compliance with "Delivery of Prospectus" above.

Fails

In the event that a purchaser shall fail to accept delivery of and make payment for a Note on the settlement date, the Presenting Agent will notify the Trustee and the Company, by telephone or other acceptable means. If the Note has been delivered to the Presenting Agent, as the Company's agent, the Presenting Agent shall return such Note to the Trustee. If funds have been advanced for the purchase of such Note, the Trustee will, immediately upon receipt of such Note, confirm receipt to the Company and the Company shall refund the payment previously made by the Presenting Agent in immediately available funds. Such payments will be made on the settlement date, if possible, and in any event not later than the Business Day following the settlement date. If such fail shall have occurred for any reason other than the failure of the Presenting Agent to provide the Purchase Information to the Company or to provide a confirmation to the purchaser, the Company will reimburse the Presenting Agent on an equitable basis for its loss of the use of funds during the period when they were credited to the account of the Company.

Immediately upon receipt of the Note in respect of which the fail occurred, the Trustee will cause the Security Registrar to make appropriate entries to reflect the fact that the Note was never issued and will destroy the Note.

Payment of Interest

On the fifth Business Day immediately preceding each Interest Payment Date, the Trustee will furnish the Company with the total amount of the interest payments to be paid on the Certificated Notes on such Interest Payment Date. The Trustee will provide monthly to the Company's Treasury and Finance Department a list of the principal and interest to be paid on Certificated Notes maturing in the next succeeding month, to the extent then known. The Trustee will assume responsibility for withholding taxes on interest paid as required by law.

Maturity

Upon presentation of each Certificated Note at maturity the Trustee (or any duly appointed Paying Agent) will pay the principal amount thereof, together with accrued interest due at maturity out of immediately available funds provided by the Company. Such payment shall be made in immediately available funds to the holder of the Note, provided that the Note is presented to the Trustee (or any such Paying Agent) in time for the Trustee (or such Paying Agent) to make

payments in such funds in accordance with its normal procedures. The Company will provide the Trustee (and any such Paying Agent) with funds available for immediate use for such purpose. Notes presented at maturity will be canceled by the Trustee as provided in the Indenture.

Authenticity of Signatures

The Company will cause the Trustee to furnish the Agents from time to time with the specimen signatures of each of the Trustee's officers, employees or agents who have been authorized by the Trustee to authenticate Notes, but the Agents will have no obligation or liability to the Company or the Trustee in respect of the authenticity of the signature of any officer, employee or agent of the Company or the Trustee on any Note.

PART III: BOOK-ENTRY NOTES

An owner of a Book-Entry Note will not be entitled to receive a certificate representing such Note. In connection with the qualification of the Book-Entry Notes for eligibility in the book-entry system maintained by the Depository, Citibank will perform the custodial, document control and administrative functions described below, in accordance with its respective obligations under a Letter of Representations (the "Letter of Representations") from the Company and U.S. Bank to the Depository and a Medium-Term Note Certificate Agreement (the "Certificate Agreement") between U.S. Bank and the Depository, and its obligations as a participant in the Depository, including the Depository's Same-Day Funds Settlement system ("SDFS").

Issuance

On any date of settlement (as defined under "settlement" below) for one or more Book-Entry Notes, the Company will issue a Global Certificate or Certificates in fully registered form without coupons representing in each case not in excess of \$500,000,000 principal amount of all of such Book-Entry Notes that have the same interest rate, Stated Maturity and terms. Each Global Certificate will be dated and issued as of the date of its authentication by the Trustee. No Global Certificate will represent any Certificated Note.

Identification Numbers

The Company will arrange, on or prior to the commencement of a program for the offering of Book-Entry Notes, with the CUSIP Service Bureau of Standard & Poor's (the "CUSIP Service Bureau") for the reservation of a series of CUSIP numbers (including tranche numbers), consisting of approximately 900 CUSIP

numbers relating to Global Certificates representing the Book-Entry Notes. The Company will obtain from the CUSIP Service Bureau a written list of such series of reserved CUSIP numbers and will deliver such list to U.S. Bank and the Depository. U.S. Bank will assign CUSIP numbers to Global Certificates as described below under Settlement Procedure "B". The Depository will notify the CUSIP Service Bureau periodically of the CUSIP numbers that the Company has assigned to Global Certificates. U.S. Bank will notify the Company at any time when fewer than 100 of the reserved CUSIP numbers remain unassigned to Global Certificates, and if it deems it necessary, the Company will reserve additional CUSIP numbers for assignment to Global Certificates representing Book-Entry Notes. Upon obtaining such additional CUSIP numbers, the Company shall deliver a list thereof to U.S. Bank and the Depository.

Registration

Each Global Certificate will be registered in the name of Cede & Co., as nominee for the Depository, on the Securities Register maintained under the Indenture governing such Global Certificate. The beneficial owner of a Book-Entry Note (or one or more indirect participants in the Depository designated by such owner) will designate one or more participants in the Depository (with respect to such Note, the "Participants") to act as agent or agents for such owner in connection with the book-entry system maintained by the Depository, and the Depository will record in book-entry form, in accordance with instructions provided by such Participants, a credit balance with respect to such Note in the account of such Participants. The ownership interest of such beneficial owner in such Note will be recorded through the records of such Participants or through the separate records of such Participants and one or more indirect participants in the Depository. So long as Cede & Co. is the registered owner of a Global Certificate, the Depository will be considered the sole owner and holder of the Book-Entry Notes represented by such Global Certificate for all purposes under the Indenture.

Transfers

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

Consolidation and Exchange

U.S. Bank may deliver to the Depository and the CUSIP Service Bureau at any time a written notice of consolidation specifying (i) the CUSIP numbers of

two or more Outstanding Global Certificates that represent Book-Entry Notes having the same interest rate, Stated Maturity and tenor and for which interest has been paid to the same date, (ii) a date, occurring at least thirty days after such written notice is delivered and at least thirty days before the next Interest Payment Date for such Book-Entry Notes, on which such Global Certificates shall be exchanged for a single replacement Global Certificate and (iii) a new CUSIP number, obtained from the Company, to be assigned to such replacement Global Certificate. Upon receipt of such a notice, the Depository will send to its participants (including U.S. Bank) a written reorganization notice to the effect that such exchange will occur on such date. Prior to the specified exchange date, U.S. Bank will deliver to the CUSIP Service Bureau a written notice setting forth such exchange date and the new CUSIP number and stating that, as of such exchange date, the CUSIP numbers of the Global Certificates to be exchanged will no longer be valid. On the specified exchange date, U.S. Bank will exchange such Global Certificates for a single Global Certificate bearing the new CUSIP number and new Issue Date, which shall be the most recent Interest Payment Date to which interest has been paid or duly provided for on the predecessor Global Certificates, and the CUSIP numbers of the exchanged Global Certificates will, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. Notwithstanding the foregoing, if the Global Certificates to be exchanged exceed \$500,000,000 in aggregate principal amount, one Global Certificate will be authenticated and issued to represent each \$500,000,000 of principal amount of the exchanged Global Certificates and an additional Global Certificate will be authenticated and issued to represent any remaining principal amount of such Global Certificates (see "Denominations" below).

Denominations

Book-Entry Notes will be issued in principal amounts of \$1,000 or any amount in excess thereof that is an integral multiple of \$1,000. Global Certificates will be denominated in principal amounts not in excess of \$500,000,000. If one or more Book-Entry Notes having an aggregate principal amount in excess of \$500,000,000 would, but for the preceding sentence, be represented by a single Global Certificate, then one Global Certificate will be issued to represent \$500,000,000 principal amount of such Book-Entry Note or Notes and an additional Global Certificate will be issued to represent any remaining principal amount of such Book-Entry Note or Notes. In such a case, each of the Global Certificates representing such Book-Entry Note or Notes shall be assigned the same CUSIP number.

Interest

Standard & Poor's will use the information received in the pending deposit message described under Settlement Procedure "C" below in order to include the amount of any interest payable and certain other information regarding the related Global Security in the appropriate weekly bond report published by Standard & Poor's.

Payments of Principal and Interest

Payments of Interest Only. Promptly after each Regular Record Date, U.S. Bank will deliver to the Company and the Depositary a written notice specifying by CUSIP number the amount of interest to be paid on each Global Certificate on the following Interest Payment Date (other than an Interest Payment Date coinciding with Maturity) and the total of such amounts. The Depositary will confirm the amount payable on each Global Certificate on such Interest Payment Date by reference to the daily bond reports published by Standard & Poor's. The Company will pay to U.S. Bank, as Paying Agent, the total amount of interest due on such Interest Payment Date (other than at Maturity), and Citibank will pay such amount to the Depositary at the times and in the manner set forth below under "Manner of Payment".

Payments at Maturity. On or about the first Business Day of each month, U.S. Bank will deliver to the Company, the Depositary and the Trustee a written list of principal and interest to be paid on each Global Certificate maturing in the following month. The Company, U.S. Bank and the Depositary will confirm the amounts of such principal and interest payments with respect to each such Global Certificate on or about the fifth Business Day preceding the Maturity of such Global Certificate. The Company will pay to U.S. Bank as the Paying Agent, the principal amount of such Global Certificate, together with interest due at such Maturity and U.S. Bank will pay such amount to the Depositary at the times and in the manner set forth below under "Manner of Payment".

Promptly after payment to the Depositary of the principal and interest due at the Maturity of such Global Certificate, U.S. Bank will cancel such Global Certificate and deliver it to the Company. U.S. Bank will from time to time, on request by the Trustee, deliver to the Trustee a written statement indicating the total principal amount of outstanding Global Certificates for which it serves as Trustee as of the immediately preceding Business Day.

Manner of Payment. The total amount of any principal and/or interest due on Global Certificates on any Interest Payment Date or at Maturity shall be paid by the Company to U.S. Bank in funds available for use by U.S. Bank as of 9:30

A.M. (New York City time) on such date. The Company will make such payment on such Global Certificates by instructing U.S. Bank to withdraw funds from an account maintained by the Company at U.S. Bank. The Company will confirm such instruction in writing to U.S. Bank. U.S. Bank will forward to the Company an appropriate debit advice. Prior to 10:00 A.M. (New York City time) on such date or as soon as possible thereafter, U.S. Bank will make such payments to the Depository in same day funds in accordance with the payment provisions contained in the Letter of Representations. The Depository will allocate such payments to its Participants in accordance with its existing operating procedures. NONE OF THE COMPANY, THE TRUSTEE NOR U.S. BANK SHALL HAVE ANY RESPONSIBILITY OR LIABILITY FOR THE PAYMENT BY THE DEPOSITARY TO SUCH PARTICIPANTS OF THE PRINCIPAL OF AND INTEREST ON THE BOOK-ENTRY NOTES.

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

Settlement

The receipt by the Company of immediately available funds in payment for a Book-Entry Note and the authentication and issuance of the Global Certificate representing such Note shall constitute "settlement" with respect to such Book-Entry Note. All orders accepted by the Company will be settled on the next Business Day pursuant to the timetable for settlement set forth below unless the Company and the purchaser agree to settlement on a later date.

Settlement Procedures

Settlement Procedures with regard to each Global Certificate sold by the Company through an Agent, as agent, shall be as follows:

A. Such Agent will advise the Company by telephone of the Purchase Information with respect to each Book-Entry Note which will be represented by the Global Certificate which is to be issued.

B. The Company will advise U.S. Bank writing or electronic transmission of the information set forth in Settlement Procedure "A" above and the name of such Agent. Each such communication by the Company shall constitute a representation and warranty by the Company to U.S. Bank, the Trustee and each Agent that (i) such Global Certificate is then, and at the time of

issuance and sale thereof will be, duly authorized for issuance and sale by the Company, (ii) such Global Certificate will conform with the terms of the Indenture pursuant to which such Global Certificate is issued and (iii) upon authentication and delivery of such Global Certificate, the aggregate principal amount of all Notes issued will not exceed \$350,000,000 (except for Book-Entry Notes represented by Global Certificates authenticated and delivered in exchange for or in lieu of Global Certificates pursuant to Section 304, 305, 306 or 906 of the Indenture and except for Certificated Notes authenticated and delivered upon registration of, transfer of, in exchange for, or in lieu of Certificated Notes pursuant to any such Section).

C. U.S. Bank will assign a CUSIP number to such Global Certificate and advise the Company by telephone of such CUSIP number. U.S. Bank will enter a pending deposit message through the Depository's Participant Terminal System, providing the following settlement information to the Depository (which will provide such information to Standard & Poor's), such Agent, and, upon request, the Trustee under the Indenture pursuant to which each Book-Entry Note which is represented by the Global Certificate which is to be issued:

1. The information set forth in Settlement Procedure "A".

2. Initial Interest Payment Date for such Book-Entry Note, number of days by which such date succeeds the related Regular Record Date (which, in the case of Floating Rate Notes which reset daily or weekly, shall be the date 5 calendar days immediately preceding the applicable Interest Payment Date, and in the case of all other Notes shall be the Regular Record Date as defined in the Note) and amount of interest payable on such Interest Payment Date.

3. CUSIP number of the Global Certificate representing such Book-Entry Note.

4. Whether such Global Certificate will represent any other Book-Entry Note (to the extent known at such time).

D. The Trustee will complete the first page of the preprinted note, the form of which was previously approved by the Company, the Agents and the Trustee.

E. The Trustee will authenticate the Global Certificate.

F. The Depository will credit each Book-Entry Note represented by the Global Certificate to be issued to U.S. Bank's participant account at the Depository.

G. U.S. Bank will enter an SDFS deliver order through the Depository's Participant Terminal System, with respect to each Book-Entry Note represented by the Global Certificate to be issued, instructing the Depository to (i) debit such Book-Entry Note to U.S. Bank's participant account and credit such Book-Entry Note to such Agent's participant account and (ii) debit such Agent's settlement account and credit U.S. Bank's settlement account for an amount equal to the price of such Book-Entry Note less such Agent's commission. The entry of such a deliver order shall constitute a representation and warranty by U.S. Bank to the Depository that (i) the Global Certificate representing such Book-Entry Note has been issued and authenticated and (ii) U.S. Bank is holding such Global Certificate pursuant to the Certificate Agreement.

H. The Agent will enter an SDFS deliver order through the Depository's Participant Terminal System, with respect to each Book-Entry Note represented by the Global Certificate to be issued, instructing the Depository (i) to debit such Book-Entry Note to such Agent's participant account and credit such Book-Entry Note to the participant account of the Participant with respect to such Book-Entry Note and (ii) to debit the settlement account of such Participant and credit the settlement account of such Agent for an amount equal to the price of such Book-Entry Note.

I. Transfers of funds in accordance with SDFS deliver orders described in Settlement Procedures "G" and "H" will be settled in accordance with SDFS Paying Agent Operating Procedures (as defined in the Letter of Representations) in effect on the settlement date.

J. U.S. Bank will credit to an account of the Company maintained at U.S. Bank, funds available for immediate use in the amount transferred to Citibank in accordance with Settlement Procedure "G".

K. U.S. Bank, as custodian for the Depository, will hold the Global Certificate pursuant to the Certificate Agreement. Periodically, U.S. Bank will send to the Company a statement setting forth the principal amount of Book-Entry Notes and Global Certificates outstanding as of that date under the Indenture and setting forth a brief description of any sales of which the Company has advised U.S. Bank but which have not yet been settled.

L. Such Agent will deliver to the purchaser a copy of the most recent Prospectus applicable to the Notes with or prior to any written offer of Notes and the confirmation and payment by the purchaser of the Note.

Such Agent will confirm the purchase of each Book-Entry Note to the purchaser either by transmitting to the Participant with respect to such Book-Entry

Note a confirmation order or orders through the Depository's institutional delivery system or by mailing a written confirmation to such purchaser.

Settlement Procedures Timetable

For orders of Book-Entry Notes solicited by an Agent, as agent, and accepted by the Company for settlement on the first Business Day after the sale date, Settlement Procedures "A" through "L" set forth above shall be completed as soon as possible but not later than the respective times (New York City time) set forth below:

Settlement Procedure -----	Time ----
A-B	11:00 A.M. on the sale date
C	2:00 P.M. on the sale date
D	3:00 P.M. on day before settlement date
E	9:00 A.M. on settlement date
G-H	2:00 P.M. on settlement date
I	4:45 P.M. on settlement date
J-L	5:00 P.M. on settlement date

If a sale is to be settled more than one Business Day after the sale date, Settlement Procedures "A", "B" and "C" shall be completed as soon as practicable but no later than 11:00 A.M. and 2:00 P.M., as the case may be, on the first Business Day after the sale date. In connection with a sale which is to be settled more than one Business Day after the sale date, if the initial interest rate for a Floating Rate Note is not known at the time that Settlement Procedure "A" is completed, Settlement Procedures "B" and "C" shall be completed as soon as such rates have been determined, but no later than 11:00 a.m. and 2:00 p.m., respectively, on the second Business Day before the Settlement Date. Settlement Procedure "I" is subject to extension in accordance with any extension of Fedwire closing deadlines and in the other events specified in the SDFS operating procedures in effect on the settlement date.

If settlement of a Note is rescheduled or canceled, U.S. Bank will deliver to the Depository, through the Depository's Participant Terminal System,
a

cancellation message to such effect by no later than 2:00 p.m. on the Business Day immediately preceding the scheduled settlement date.

Failure to Settle

Prior to U.S. Bank's entry of an SDFS deliver order with respect to a Book-Entry Note pursuant to Settlement Procedure "G", U.S. Bank, upon written request of the Company, shall deliver through the Depository's Participant Terminal System, as soon as practicable, but not later than 2:00 p.m. on any Business Day, a withdrawal message instructing the Depository to debit such Book-Entry Note to U.S. Bank's participant account. The Depository will process the withdrawal message, provided that U.S. Bank's participant account contains a principal amount of the Global Certificate representing such Book-Entry Note that is at least equal to the principal amount to be debited. If a withdrawal message is processed with respect to all the Book-Entry Notes represented by a Global Certificate, U.S. Bank will mark such Global Certificate "Canceled", make appropriate entries in U.S. Bank's records and send such canceled Global Certificate to the Company. The CUSIP number assigned to such Global Certificate shall, in accordance with CUSIP Service Bureau procedures, be canceled and not immediately reassigned. If a withdrawal message is processed with respect to one or more, but not all, of the Book-Entry Notes represented by a Global Certificate, U.S. Bank will exchange such Global Certificate for two Global Certificates, one of which shall represent such Book-Entry Note or Notes and shall be canceled immediately after issuance and the other of which shall represent the other Book-Entry Notes previously represented by the surrendered Global Certificate and shall bear the CUSIP number of the surrendered Global Certificate.

If the purchase price for any Book-Entry Note is not timely paid to the Participant with respect to such Note by the beneficial purchaser thereof (or a Person, including an indirect participant in the Depository, acting on behalf of such purchaser), such Participant and, in turn, the Agent for such Note may enter a deliver order through the Depository's Participant Terminal System debiting such Note to such Agent's participant account and crediting such Note free to the participant account of U.S. Bank and shall notify U.S. Bank and the Company thereof. Thereafter, U.S. Bank (i) will immediately notify the Company thereof, once U.S. Bank has confirmed that such Note has been credited to its participant account, and the Company shall immediately transfer by Fedwire (in immediately available funds) to such Agent an amount equal to the price of such Note which was previously transferred to the account of the Company maintained at U.S. Bank in accordance with Settlement Procedure and (ii) U.S. Bank will deliver the withdrawal message and take the related actions described in the preceding paragraph. The Agent will not be entitled to any commission with respect to any

Note which the purchaser does not accept and make payment for. Such debits and credits will be made on the Settlement Date, if possible, and in any event not later than 5:00 p.m. on the following Business Day. If such failure shall have occurred for any reason other than failure by the applicable Agent to perform its obligations hereunder or under the Distribution Agreement, the Company will reimburse such Agent on an equitable basis for its loss of the use of funds during the period when the funds were credited to the account of the Company.

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

Ashland Inc.
Terms Agreement

_____, 200_

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017

Salomon Smith Barney Inc.
388 Greenwich Street
New York, NY 10013

Banc of America Securities LLC
Bank of America Corporate Center
100 North Tryon Street
Charlotte, NC 28255

Ladies and Gentlemen:

Ashland Inc. (the "Company") proposes, subject to the terms and conditions stated herein and in the Distribution Agreement, dated September __, 2001 (the "Distribution Agreement"), between the Company on the one hand and Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc., Salomon Smith Barney Inc. and Banc of America Securities LLC (the "Purchasers") on the other, to issue and sell to one or more of Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc., Salomon Smith Barney Inc. and Banc of America Securities LLC the securities specified in the Schedule hereto (the "Purchased Securities"). Each of the provisions of the Distribution Agreement not specifically related to the solicitation by the Agents, as the agents of the Company, of offers to purchase Securities is incorporated herein by reference in its entirety, and shall be deemed to be part of this Terms Agreement to the same extent as if such

provisions had been set forth in full herein. Nothing contained herein or in the Distribution Agreement shall make any party hereto an agent of the Company or make such party subject to the provisions therein relating to the solicitation of offers to purchase securities from the Company, solely by virtue of its execution of this Terms Agreement. Each of the representations and warranties set forth therein shall be deemed to have been made at and as of the date of this Terms Agreement, except that each representation and warranty in Section 4 of the Distribution Agreement which makes reference to the Prospectus shall be deemed to be a representation and warranty as of the date of this Terms Agreement in relation to the Prospectus as amended and supplemented to relate to the Purchased Securities.

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

Subject to the terms and conditions set forth herein and in the Distribution Agreement incorporated herein by reference, the Company agrees to issue and sell to the Purchasers and the Purchasers agree to purchase from the Company the Purchased Securities, at the time and place, in the principal amount and at the purchase price set forth in the Schedule hereto.

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

ASHLAND INC.

By _____
Title:

Accepted:

[CREDIT SUISSE FIRST BOSTON CORPORATION

By _____
Title:]

[J.P. MORGAN SECURITIES INC.

By _____
Title:]

[SALOMON SMITH BARNEY INC.

By -----
Title:]

[BANC OF AMERICA SECURITIES LLC

By -----
Title:]

SCHEDULE TO ANNEX B

Title of Purchased Securities:

[__%] Medium-Term Notes

Aggregate Principal Amount:

\$

[Price to Public:]

Purchase Price by [Name of Purchaser]:

% of the principal amount of the Purchased Securities, plus accrued interest from to

Method of and Specified Funds for Payment of Purchase Price:

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

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

Time of Delivery:

Closing Location:

Maturity:

Interest Rate:

[%]

Interest Payment Dates:

[months and dates]

Other Provisions:

Documents to be Delivered:

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

- [(1) The officers' certificate referred to in Section 6(c).]
- [(2) The opinions referred to in Section 6(d).]
- [(3) The opinion referred to in Section 6(e).]
- [(4) The accountants' letter referred to in Section 6(f).]

FORM OF OPINION OF GENERAL COUNSEL OF ASHLAND INC.

[DATE]

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017

Salomon Smith Barney Inc.
388 Greenwich Street
New York, NY 10013

Banc of America Securities LLC
Bank of America Corporate Center
100 North Tryon Street
Charlotte, NC 28255

Ladies and Gentlemen:

Re: Distribution Agreement by and between
Credit Suisse First Boston Corporation, J.P. Morgan Securities Inc.,
Salomon Smith Barney Inc., Banc of America Securities LLC and
Ashland Inc.

I am Vice President and General Counsel of Ashland Inc., a Kentucky corporation ("Ashland"), and as such I have acted as counsel for Ashland in connection with the execution and delivery of a Distribution Agreement dated September __, 2001 (the "Distribution Agreement") between you and Ashland, providing for the issue and sale by Ashland of up to \$350,000,000 aggregate principal amount of its Medium-Term Notes, Series K, Due Nine Months or More from Date of Issue (the "Notes"), to be issued pursuant to the Indenture dated as of September __, 2001 (the "Indenture"), between Ashland and U.S. Bank National Association, as Trustee.

In that connection, I have examined originals, or copies certified or otherwise identified to my satisfaction, of such documents, corporate records and other instruments as I have deemed necessary or appropriate for the purpose of

this opinion, including (a) the Second Restated Articles of Incorporation of Ashland, as amended; (b) the By-laws of Ashland, as amended; (c) the Registration Statement on Form S-3 (File No. 333-o), (the "Registration Statement"), relating to \$600,000,000 aggregate principal amount of securities of Ashland registered under the Securities Act of 1933, as amended (the "Act"); (d) the prospectus dated September __, 2001 included in the Registration Statement and the prospectus supplement dated September __, 2001 (such prospectus together with such prospectus supplement (including all material incorporated by reference therein) as supplemented or amended to the date hereof being hereinafter collectively called the "Final Prospectus"); (e) the Distribution Agreement; (f) the Indenture; (g) the form of the Notes; and (h) resolutions adopted by the Board of Directors of the Company on _____.

Based upon the foregoing, I am of the opinion that:

(a) Ashland has been duly incorporated and is validly existing as a corporation in good standing under the laws of the Commonwealth of Kentucky with full corporate power and authority to own its properties and conduct its business as described in the Final Prospectus [, and is duly qualified to do business as a foreign corporation under the laws of each jurisdiction which requires such qualification wherein it owns or leases material properties or conducts material business except for any jurisdiction wherein failure to be so qualified would not have a material adverse effect on the business, financial condition or results of operations of Ashland and its subsidiaries, taken as a whole.]¹

(b) Ashland's authorized equity capitalization is as set forth or incorporated by reference in the Final Prospectus.

(c) The Indenture has been duly authorized, executed and delivered by Ashland, and constitutes a legal, valid and binding instrument enforceable against Ashland in accordance with its terms (subject to applicable bankruptcy, reorganization, fraudulent transfers, insolvency, moratorium or other laws relating to and affecting creditors' rights generally from time to time in effect). The enforceability of Ashland's obligations is also subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

- - - - -
1 Language in brackets to be included only in opinion dated the date of the Distribution Agreement.

(d) The Notes have been duly authorized and, when the terms of any Notes have been established in accordance with the Indenture and have been executed, authenticated, issued and delivered against payment therefor in accordance with the provisions of the Indenture, will constitute legal, valid and binding obligations of Ashland enforceable against Ashland in accordance with their terms (subject to applicable bankruptcy, reorganization, fraudulent transfer, insolvency, moratorium or other laws relating to and affecting creditors' rights generally from time to time in effect) and will be entitled to the benefits of the Indenture. The enforceability of Ashland's obligations is also subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) To the best knowledge of the undersigned (i) there is no pending or threatened action, suit or proceeding before any court or governmental agency, authority or body or any arbitrator involving Ashland or any of its subsidiaries, the probable outcome of which would have a material adverse effect on the financial condition of Ashland and its subsidiaries taken as a whole and which is not adequately disclosed in the Final Prospectus; (ii) there is no franchise, contract or other document of a character required to be described in the Registration Statement, as amended, or the Final Prospectus or to be filed as an exhibit to the Registration Statement, as amended, which is not described or filed as required; and (iii) the statements included or incorporated in the Registration Statement, as amended, and the Final Prospectus describing any legal proceedings or contracts or agreements relating to Ashland fairly summarize such matters in accordance with the rules under the Act.

(f) The Registration Statement, as amended, has become effective under the Act; to the best knowledge of the undersigned, no stop order suspending the effectiveness of the Registration Statement, as amended, has been issued, no proceedings for that purpose have been instituted or threatened, and the undersigned has no reason to believe that any part of the Registration Statement, as amended, (other than the Form T-1 and the financial statements including the notes thereto and related schedules and other financial and statistical data included therein or incorporated therein by reference, as to which the undersigned expresses no opinion), when such part became effective or was incorporated by reference into such Registration Statement, contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that the Final Prospectus (other than the financial statements, including the notes thereto and related schedules and other financial and statistical data included therein or incorporated therein by reference, as to which the undersigned expresses no belief), includes any untrue statement of a material fact or omits to state a material

fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(g) The Distribution Agreement has been duly authorized, executed and delivered by Ashland.

(h) To the best knowledge of the undersigned, no consent, approval, authorization or order of any court or governmental agency or body is required, insofar as the same may be applicable to Ashland, for the consummation of the transactions contemplated in the Distribution Agreement, except such as have been obtained under the Act and the Trust Indenture Act and such as may be required under the blue sky laws of any jurisdiction in connection with the sale of the Notes.

(i) Neither the issue and sale of the Notes, nor the consummation of any other of the transactions contemplated in the Distribution Agreement nor the fulfillment of the terms thereof will conflict with or violate any provision of the Second Restated Articles of Incorporation or By-laws of Ashland, each as amended, or conflict with, result in a material breach of, or constitute a material default under the terms of any indenture or other agreement or instrument known to the undersigned and to which Ashland or any of its subsidiaries is a party or bound, or any order, rule, statute, judgment, decree or regulation known to the undersigned to be applicable to Ashland or any of its subsidiaries of any court, regulatory body, administrative agency, governmental body or arbitrator having jurisdiction over Ashland or any of its subsidiaries.

(j) No holders of securities of Ashland have rights to the registration of such securities under the Registration Statement.

As to certain of the matters referred to in Paragraph (c), Paragraph (d), Paragraph (e), Paragraph (f) and Paragraph (h) in the foregoing opinion, I have relied upon the opinion or letter of Cravath, Swaine & Moore dated the date hereof, a copy of which opinion or letter is attached hereto and the undersigned believes that you and the undersigned are justified in relying on such opinion or letter.

I am not a member of the bar of any states other than the Commonwealth of Kentucky and the State of West Virginia and, accordingly, do not purport to be an expert on matters of law outside of such jurisdictions. I have, however, reviewed such of the laws of other jurisdictions as I have deemed necessary and relevant regarding the matters referred to above which are governed by such law and have no reason to believe that the opinions stated herein are not correct.

Very truly yours,

Attachment

FORM OF OPINION OF
CRAVATH, SWAINE & MOORE

[DATE]

Ashland Inc.
Medium-Term Notes

Ladies and Gentlemen:

We have acted as counsel for Ashland Inc., a Kentucky corporation (the "Company"), in connection with the execution and delivery of a Distribution Agreement dated September __, 2001 (the "Distribution Agreement"), between you and the Company, providing for the issue and sale by the Company of up to \$350,000,000 aggregate principal amount of its Medium-Term Notes, Series K, Due Nine Months or More from Date of Issue (the "Notes"), to be issued pursuant to the Indenture dated as of September __, 2001 (the "Indenture"), between the Company and U.S. Bank National Association, as Trustee.

In that connection, we have examined originals, or copies certified or otherwise identified to our satisfaction, of such documents, corporate records and other instruments as we have deemed necessary or appropriate for the purpose of this opinion, including (a) the Second Restated Articles of Incorporation of the Company, as amended; (b) the By-laws of the Company, as amended; (c) the Registration Statement on Form S-3 (No. 333-o) filed with the Securities and Exchange Commission (the "Commission"), on September __, 2001 (such Registration Statement, as amended, being hereinafter referred to as the "Registration Statement"), for registration of \$350,000,000 aggregate principal amount of securities of the Company, to be issued from time to time by the Company, which Registration Statement also constituted Post-Effective Amendment No. 1 to the Company's Registration Statement No. 333-36888 with respect to an additional \$251,500,000 aggregate principal amount of securities, under the Securities Act of 1933, as amended (the "Securities Act") and Post-Effective Amendment No. 2 to the Company's Registration Statement No. 333-70651 with respect to an additional \$48,500,000 aggregate principal amount of securities, (d) the Prospectus dated September __, 2001, filed with the Commission pursuant to Rule 424(b) of the General Rules and Regulations under the Securities Act (together with the documents incorporated by reference, the "Base Prospectus"), (e) the Prospectus Supplement dated the date hereof (the "Prospectus Supplement"), filed with the Commission pursuant to Rule 424(b) of the General Rules and Regulations under the Securities Act (the Base Prospectus, as supplemented by the Prospectus Supplement being hereinafter collectively called the "Final Prospectus"); (f) the Distribution Agreement; (g) the Indenture;

(h) the form of the Notes; and (i) certain resolutions adopted by the Board of Directors of the Company on _____, 2001. We have also relied upon advice from the Commission that the Registration Statement was declared effective on September __, 2001.

Based on the foregoing, we are of opinion as follows:

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the Commonwealth of Kentucky, with full corporate power and authority to own its properties and conduct its business as described in the Final Prospectus.

(b) The Company's authorized equity capitalization is as set forth or incorporated by reference in the Final Prospectus and the Notes and the Indenture conform to the descriptions thereof contained in the Final Prospectus.

(c) Assuming that the Indenture has been duly authorized, executed and delivered by the Company, the Indenture has been duly qualified under the Trust Indenture Act of 1939, as amended, and constitutes a legal, valid and binding instrument enforceable against the Company in accordance with its terms (subject to applicable bankruptcy, reorganization, fraudulent transfer, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect). The enforceability of the Company's obligations is also subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(d) Assuming that the Notes have been duly authorized, when the terms of any Notes have been established in accordance with the Indenture and when such Notes have been executed, authenticated, issued and delivered against payment therefor in accordance with the provisions of the Indenture and pursuant to the Distribution Agreement, the Notes will constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their terms (subject to applicable bankruptcy, reorganization, fraudulent transfer, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect) and will be entitled to the benefits of the Indenture. The enforceability of the Company's obligations is also subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Neither the issue and sale of the Notes nor the consummation of any other of the transactions contemplated in the Distribution Agreement nor the fulfillment of the terms thereof will conflict with, result in a material breach of, or

constitute a material default under, the Second Restated Articles of Incorporation or By-laws of the Company.

(f) To our knowledge, no consent, approval, authorization or order of any court or governmental agency or body is required, insofar as the same may be applicable to the Company, for the consummation of the transactions contemplated in the Distribution Agreement except such as have been obtained under the Securities Act.

We are admitted to the Bar of the State of New York and express no opinion as to the laws of any jurisdiction other than the State of New York and United States of America. To the extent that our opinions herein are based upon matters governed by the law of the Commonwealth of Kentucky, we have assumed without independent investigation, the correctness of, and take no responsibility for, the opinion dated today of David L. Hausrath, Esq., Vice President and General Counsel of the Company.

We are furnishing this letter to you, as Agents, solely for your benefit. Except, as set forth in the following paragraph, this letter may not be relied upon by any other person or for any other purpose or use, circulated, quoted or otherwise referred to for any other purpose. David L. Hausrath, Esq. and U.S. Bank National Association, as Trustee, are each entitled to rely on this letter as fully as if this letter had been addressed to them directly.

Very truly yours,

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010

J.P. Morgan Securities Inc.
270 Park Avenue
New York, NY 10017

Salomon Smith Barney Inc.
388 Greenwich Street
New York, NY 10013

Banc of America Securities LLC
Bank of America Corporate Center
100 North Tryon Street
Charlotte, NC 28255

C-2-A-3

[date]

Ashland Inc.
Medium-Term Notes

Ladies and Gentlemen:

We have acted as counsel for Ashland Inc., a Kentucky corporation (the "Company"), in connection with the execution and delivery of a Distribution Agreement dated September __, 2001, between you and the Company, providing for the issue and sale by the Company of up to \$350,000,000 aggregate principal amount of its Medium-Term Notes, Series K, Due Nine Months or More from Date of Issue, to be issued pursuant to the Indenture dated as of September __, 2001, between the Company and U.S. Bank National Association, as Trustee.

In that capacity, we participated in conferences with certain officers of, and with the accountants for, the Company concerning the preparation of (a) the Registration Statement on Form S-3 (Registration No. 333-o) filed with the Securities and Exchange Commission (the "Commission") on September __, 2001 (such Registration Statement, as amended, being hereinafter called the "Registration Statement"), for registration of \$350,000,000 aggregate principal amount of securities of the Company, to be issued from time to time by the Company, which Registration Statement also constituted Post-Effective Amendment No. 1 to the Company's Registration Statement No. 333-36888 with respect to an additional \$251,500,000 aggregate principal amount of securities and Post-Effective Amendment No. 2 to the Company's Registration Statement No. 333-70651 with respect to an additional \$48,500,000 aggregate principal amount of Securities, under the Securities Act of 1933, as amended (the "Securities Act"); (b) the Prospectus dated September __, 2001, filed with the Commission pursuant to Rule 424(b) of the General Rules and Regulations under the Securities Act (together with the documents incorporated therein by reference, the "Base Prospectus"); and (c) the Prospectus Supplement dated the date hereof (the "Prospectus Supplement"), filed with the Commission pursuant to Rule 424(b) of the General Rules and Regulations under the Securities Act (the Base Prospectus as supplemented by the Prospectus Supplement being hereinafter called the "Final Prospectus"). Certain of the documents incorporated by reference in the Registration Statement and Final Prospectus were prepared and filed by the Company without our participation.

Although we have made certain inquiries and investigations in connection with the preparation of the Registration Statement and the Final Prospectus, the limitations inherent in the role of outside counsel are such that we cannot and do

C-2-B-1

not assume responsibility for the accuracy or completeness of the statements made in the Registration Statement and Final Prospectus, except insofar as such statements relate to us and except to the extent set forth in paragraph (b) of our opinion to you dated the date hereof. Subject to the foregoing, we hereby advise you that our work in connection with this matter did not disclose any information that gave us reason to believe that: (i) the Registration Statement, at the time the Registration Statement became effective, or the Final Prospectus and each amendment or supplement thereto as of the date hereof (in each case except the financial statements and other information of an accounting or financial nature included therein and the Statement of Eligibility (Form T-1) included as an exhibit to the Registration Statement, as to which we do not express any view) was not appropriately responsive in all material respects to the requirements of the Securities Act and the applicable rules and regulations of the Commission thereunder, or (ii) the Registration Statement, at the time the Registration Statement became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Final Prospectus or any amendment or supplement thereto, at the date hereof, includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (in each case except for the financial statements and other information of an accounting or financial nature included therein and the Statement of Eligibility (Form T-1) included as an exhibit to the Registration Statement, as to which we do not express any view).

We are furnishing this letter to you, as Agents, solely for your benefit. Except as set forth in the following paragraph, this letter may not be relied upon by any other person or for any other purpose or used, circulated, quoted or otherwise referred to for any other purpose.

David L. Hausrath, Esq. and U.S. Bank National Association, as Trustee, are each entitled to rely on this letter as fully as if this letter had been addressed to them directly.

Very truly yours,

Credit Suisse First Boston Corporation
Eleven Madison Avenue
New York, NY 10010

C-2-B-2

J.P.Morgan Securities Inc.
270 Park Avenue
New York, NY 10017

Salomon Smith Barney Inc.
388 Greenwich Street
New York, NY 10013

Banc of America Securities LLC
Bank of America Corporate Center
100 North Tryon Street
Charlotte, NC 28255

C-2-B-3

Accountants' Comfort Letter

Upon execution of the Distribution Agreement and, to the extent provided in Section 7 of the Distribution Agreement, at each Closing Date, Ernst & Young LLP shall furnish to the Agents or Purchaser, as the case may be, a letter or letters (which may refer to letters previously delivered to the Agents or Purchaser, as the case may be), dated as of the date of the Distribution Agreement or such Closing Date, as the case may be, in form and substance satisfactory to the Agents or the Purchaser, as the case may be, confirming that they are independent accountants within the meaning of the Securities Act and the applicable published rules and regulations thereunder and stating in effect that:

(i) in their opinion the consolidated financial statements audited by them and incorporated by reference in the Registration Statements and the Prospectus comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the Exchange Act and the related published rules and regulations;

(ii) on the basis of a reading of the latest available interim consolidated financial statements of the Company, carrying out certain specified procedures (but not an audit in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter, inquiries of officials of the Company responsible for financial and accounting matters and other specified procedures, nothing came to their attention that caused them to believe that:

(A) the unaudited consolidated financial statements, if any, included or incorporated in the Registration Statements and the Prospectus do not comply as to form in all material respects with the applicable accounting requirements and with the published rules and regulations of the Commission with respect to financial statements included or incorporated in quarterly reports on Form 10-Q under the Exchange Act, or are not in conformity with generally accepted accounting principles applied on a basis consistent with that of the audited financial statements included or incorporated in the Registration Statement and the Prospectus, except for the accounting changes discussed in the notes thereto;

(B) with respect to the period subsequent to the date of the most recent financial statements included or incorporated in the Registration Statements or Prospectus, (i) at the date of the latest available consolidated balance sheet read by such accountants or (ii) at a subsequent specified date not more than five days prior to the date of the letter, there was any decrease in the working capital

(but only with respect to the date referred to in the foregoing clause (i)), any change in capital stock of the Company (except pursuant to existing stock option, bonus or other similar plans or conversion of debentures or preferred stock) or increase in long-term debt and debt due within one year, or decrease in the common stockholders' equity of the Company and its consolidated subsidiaries (except such changes, increases or decreases which the Prospectus (directly or by incorporation) discloses have occurred or may occur) as compared with the amounts shown on the most recent consolidated balance sheet included or incorporated in the Registration Statements and the Prospectus;

(C) for the period from the closing date of the most recent consolidated balance sheet included or incorporated in the Registration Statements and the Prospectus to the closing date of the latest available consolidated income statement read by such accountants there were any decreases, as compared with the corresponding period in the previous year, in consolidated sales and operating revenues or consolidated net income except for changes or decreases which the Prospectus (directly or by incorporation) discloses have occurred or may occur, or which are described in such letter; or

(D) unaudited pro forma consolidated condensed financial statements, if any, included or incorporated by reference in the Prospectus do not comply as to form in all material respects with the applicable accounting requirements of the Securities Act and the published rules and regulations thereunder or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(iii) they have performed certain other specified procedures as a result of which they determined that certain information of an accounting, financial or statistical nature (which is limited to accounting, financial or statistical information derived from the general accounting records of the Company and its subsidiaries) set forth in the Registration Statements and the Prospectus and in Exhibit 12 to the Registration Statements, including the information included or incorporated in Items 1, 6 and 7 of the Company's Annual Report on Form 10-K, incorporated in the Registration Statements and the Prospectus, and the information included in the "Management's Discussion and Analysis" included or incorporated in the Company's quarterly reports on Form 10-Q, incorporated in the Registration Statements and the Prospectus, agrees with the accounting records of the Company and its subsidiaries excluding any questions of legal interpretation; and

(iv) they have made a review of any unaudited financial statements included in the Registration Statement in accordance with standards established by the

American Institute of Certified Public Accountants, as indicated in their report or reports, if any, attached to such letter.

SCHEDULE I

Agents' Commissions

Maturity of Note ----- Maturity -----	Commission (percent of principal amount of Note) -----
9 months to less than 12 months	.125%
12 months to less than 18 months	.150
18 months to less than 24 months	.200
24 months to less than 30 months	.250
30 months to less than 3 years	.300
3 years to less than 4 years	.350
4 years to less than 5 years	.450
5 years to less than 7 years	.500
7 years to less than 10 years	.550
10 years to less than 20 years	.600
20 years or more	.750

ASHLAND INC.

and

U. S. BANK NATIONAL ASSOCIATION
Trustee

Indenture

Dated as of _____, 2001

Debt Securities

ASHLAND INC.
 Reconciliation and Tie Between

 Trust Indenture Act of 1939 and

 Indenture, dated as of */

Trust Indenture Act Section	Indenture Section
(S)310 (a)(1)	6.09
(a)(2)	6.09
(a)(3)	Not Applicable
(a)(4)	Not Applicable
(b)	6.08
	6.10
(S)311 (a)	6.13(a)
(b)	6.13(b)
(b)(2)	7.03(a)(2)
	7.03(b)
(S)312 (a)	7.01
	7.02(a)
(b)	7.02(b)
(c)	7.02(c)
(S)313 (a)	7.03(a)
(b)	7.03(b)
(c)	7.03(a)
	7.03(b)
(d)	7.03(c)
(S)3.14(a)	7.04
(b)	Not Applicable
(c)(1)	1.02
(c)(2)	1.02
(c)(3)	Not Applicable
(d)	Not Applicable
(e)	1.02
(S)3.15(a)	6.01(a)
(b)	6.02
	7.03(a)(6)
(c)	6.01(b)
(d)	6.01(c)
(d)(1)	6.01(a)(1)
(d)(2)	6.01(c)(2)
(d)(3)	6.01(c)(3)
(e)	5.14
(S)3.16(a)	1.01
(a)(1)(A)	5.02
	5.12
(a)(1)(B)	5.13
(a)(2)	Not Applicable
(b)	5.08
(S)3.17(a)(1)	5.03
(a)(2)	5.04
(b)	10.03
(S)3.18(a)	1.07

*/ This reconciliation and tie shall not, for any purpose, be deemed to be a
 - - - part of the Indenture.

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INDENTURE, dated as of _____, 2001, between ASHLAND INC., a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein called the "Company"), having its principal office at 50 E. RiverCenter Blvd., Covington, Kentucky 41011 and U. S. Bank National Association, a national banking association duly incorporated and existing under the laws of the United States (herein called the "Trustee").

RECITALS OF THE COMPANY

The Company has duly authorized the execution and delivery of this Indenture to provide for the issuance from time to time of its unsecured debentures, notes or other evidences of indebtedness (herein called the "Securities"), to be issued in one or more series as provided in this Indenture.

All things necessary to make this Indenture a valid agreement of the Company, in accordance with its terms, have been done.

NOW, THEREFORE, THIS INDENTURE WITNESSETH:

For and in consideration of the premises and the purchase of the Securities by the Holders thereof, it is mutually agreed, for the equal and proportionate benefit of all Holders of the Securities or of series thereof, as follows:

ARTICLE ONE

Definitions and Other Provisions

of General Application

SECTION 1.01. Definitions. For all purposes of this Indenture,

except as otherwise expressly provided or unless the context otherwise requires:

(1) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular;

(2) all other terms used herein which are defined in the Trust Indenture Act, either directly or by reference therein, have the meanings assigned to them therein;

(3) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and, except as otherwise herein expressly provided, the term "generally accepted accounting principles" with respect to any computation required or permitted hereunder shall mean such accounting principles as are generally accepted at the date of such computation; and

(4) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or other subdivision.

Certain terms, used solely or principally within an Article of this Indenture, may be defined in that Article.

"Act", when used with respect to any Holder, has the meaning specified in Section 1.04.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, "controls" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

"Authenticating Agent" means any Person authorized by the Trustee pursuant to Section 6.14 to act on behalf of the Trustee to authenticate securities of one or more series.

"Authorized Newspaper" means a newspaper of general circulation in the place of publication, printed in the English Language or official language of the country of publication and customarily published on each Business Day, whether or not published on Saturdays, Sundays or holidays. Whenever successive weekly publications in an Authorized Newspaper are authorized or required hereunder, they may be made (unless otherwise expressly provided herein) on the same or different days of the week and in the same or different Authorized Newspapers.

"Bearer Security" means any Security which is not registered in the Security Register as to principal (including without limitation any Security in temporary or definitive global bearer form).

"Board of Directors" means either the board of directors of the Company or any duly authorized committee of that board.

"Board Resolution" means a copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification, and delivered to the Trustee.

"Business Day", when used with respect to any Place of Payment or place of publication, means any day which is not a day on which banking institutions generally in that Place of Payment or place of publication are authorized or obligated by or pursuant to law, regulation or executive order to close or as specified for a series of Securities pursuant to Section 3.01 or as specified for any Security in such Security.

"Change in Control" has the meaning specified in Section 11.07.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, or, if at any time after the execution of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" means the Person named as the "Company" in the first paragraph of this instrument until a successor corporation shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Company" shall mean such successor corporation, and shall also mean any obligor upon the Securities authenticated and delivered under this Indenture.

"Company Request", "Request of the Company", "Company Order" or "Order of the Company" means a written request or order signed in the name of the Company by its Chairman of the Board, the Vice Chairman of the Board, its President or a Vice President, and by its Treasurer, an Assistant Treasurer, its Controller, an Assistant Controller, its Secretary or an Assistant Secretary, and delivered to the Trustee.

"Corporate Trust Office" means the office of the Trustee in Cincinnati, Ohio, at which at any particular time its corporate trust business shall be principally administered, which office at the date hereof is located at 425 Walnut Street, 6th Floor, Cincinnati, OH 45202, Attn: Corporate Trust Department, except that, with respect to presentation of Securities for payment or registration of transfers and exchanges and the location of the Security Registrar, such term means the office or agency of the Trustee in said city at which at any particular time its corporate agency business shall be conducted, which at the date hereof is located at 425 Walnut Street, 6th Floor, Cincinnati, OH 45202, Attn: Corporate Trust Department.

"Corporation" includes corporations, associations, companies and business trusts.

"Coupon" or "coupon" means any interest coupon appertaining to a Bearer Security.

"Defaulted Interest" has the meaning specified in Section 3.07.

"Depositary" means, with respect to the Securities of any series issuable or issued in whole or in part in the form of one or more Global Securities, the Person designated as Depositary by the Company pursuant to Section 3.01 until a successor Depositary shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Depositary" shall mean or include each Person who is then a Depositary hereunder, and if at any time there is more than one such Person, "Depositary" as used with respect to the Securities of any such series shall mean the Depositary with respect to the Securities of that series.

"Dollar" means the coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

"Euroclear" means the operator of the Euroclear System.

"European Communities" means the European Economic Community, the European Coal and Steel Community and the European Atomic Energy Community.

"Event of Default" has the meaning specified in Section 5.01.

"Foreign Currency" means a currency issued by the government of any country other than the United States of America.

"Full Rating Category" has the meaning specified in Section 11.07.

"Global Security" means a Registered Security or a Bearer Security evidencing all or part of a series of Securities issued to the Depository for such series in accordance with Section 3.03.

"Holder" or "holder" means, with respect to a Registered Security, the Person in whose name at the time a particular Registered Security is registered in the Security Register and, with respect to a Bearer Security and/or Coupon, the bearer thereof.

"Indenture" means this instrument as originally executed or as it may from time to time be supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof and shall include the terms of particular series of Securities established as contemplated by Section 3.01.

"Interest Payment Date", when used with respect to any Security, means the Stated Maturity of an installment of interest on such Security.

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

"Officers' Certificate" means a certificate signed by the Chairman of the Board, the Vice Chairman of the Board, the President or any Vice President, and by the Treasurer, the Controller, the Secretary or any Assistant Treasurer, Assistant Controller or Assistant Secretary, of the Company, and delivered to the Trustee. Each such Officers' Certificate shall contain the statements provided in Section 1.02, if applicable.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for or an employee of the Company and who shall be reasonably acceptable to the Trustee. Each Opinion of Counsel shall contain the statements provided in Section 1.02, if applicable.

"Outstanding" or "outstanding", when used with respect to Securities, means, as of the date of determination, all Securities theretofore authenticated and delivered under this Indenture, except:

(i) Securities theretofore canceled by the Trustee or delivered to the Trustee for cancellation;

(ii) Securities for whose payment or redemption money in the necessary amount and in the required currency or currency unit has been theretofore deposited with the Trustee or any Paying Agent (other than the Company) in trust or set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent) for the Holders of such Securities; provided that, if such Securities are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor satisfactory to the Trustee has been made; and

(iii) Securities which have been paid pursuant to Section 3.06 or in exchange for or in lieu of which other Securities have been authenticated and delivered pursuant to this Indenture, other than any such Securities in respect of which there shall have been presented to the Trustee proof satisfactory to it that such Securities are held by a bona fide purchaser in whose hands such Securities are valid obligations of the Company;

provided, however, that in determining whether the Holders of the requisite

principal amount of the Outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver hereunder or whether a quorum is present at a meeting of Holders of Outstanding Securities or the number of votes entitled to be cast by each Holder of a Security in respect of such security at any such meeting (1) the principal amount of a Security denominated in a Foreign Currency or currency unit shall be the Dollar equivalent (as determined by the Company in good faith) as of the date of original issuance of such Security of the principal amount of such Security and (ii) Securities owned by the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, or upon any such determination as to the presence of a quorum, only Securities which the Trustee knows to be so owned shall be so disregarded. Securities so owned which have been pledged in good faith may be regarded as Outstanding if the pledge establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Securities and that the pledgee is not the Company or any other obligor upon the Securities or any Affiliate of the Company or of such other obligor.

"Paying Agent" means any Person authorized by the Company to pay the principal of (and premium, if any) or interest, if any, on any Securities on behalf of the Company.

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

"Place of Payment", when used with respect to the Securities of any series, means the place or places where, subject to the provisions of Section 10.02, the principal of (and premium, if any) and interest on the Securities of that series are payable as specified in accordance with Section 3.01.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such Particular Security; and, for the purposes of this definition, any Security authenticated and delivered under Section 3.06 in

exchange for or in lieu of a mutilated, destroyed, lost or stolen Security or a Security to which a mutilated, destroyed, lost or stolen coupon appertains shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security or the Security to which the mutilated, destroyed, lost or stolen coupon appertains, as the case may be.

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption by or pursuant to this Indenture.

"Redemption Price", when used with respect to any Security to be redeemed, means the price, in the currency or currency unit in which such Security is payable, at which it is to be redeemed pursuant to this Indenture.

"Registered Security" means any Security (including without limitation any Security in temporary or definitive global registered form) which is registered in the Security Register.

"Regular Record Date" for the interest payable on any Interest Payment Date on the Registered Securities of any series means the date specified for that purpose as contemplated by Section 3.01, which date shall be, unless otherwise specified pursuant to Section 3.01, the fifteenth day preceding such Interest Payment Date, whether or not such day shall be a Business Day.

"Required Currency" has the meaning specified in Section 1.15.

"Responsible Officer", when used with respect to the Trustee, means the chairman or any vice chairman of the board of directors, the chairman or any vice chairman of the executive committee of the board of directors, the chairman of the trust committee, the president, any vice president, any assistant vice president, the secretary, any assistant secretary, the treasurer, any assistant treasurer, the cashier, any assistant cashier, any senior trust officer, any trust officer or assistant trust officer, the controller or any assistant controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular appropriate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Securities" has the meaning stated in the first recital of this Indenture and more particularly means any Securities authenticated and delivered under this Indenture.

"Security Register" and "Security Registrar" have the respective meanings specified in Section 3.05.

"Special Record Date" for the payment of any Defaulted Interest means a date fixed by the Trustee pursuant to Section 3.07.

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

"Subsidiary" means any corporation (a) substantially all the property of which is located, and substantially all the operations of which are conducted, in the continental United States of America, and (b) of which the Company, directly or indirectly, owns more than fifty percent (50%) of the outstanding stock which at the time shall have by the terms thereof ordinary voting power to elect directors of such corporation, irrespective of whether or not at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency, or (c) any such corporation of which such percentage of shares of outstanding stock of the character described in the foregoing clause (b) shall at the time be owned, directly or indirectly, by the Company and one or more Subsidiaries as defined in the foregoing clauses (a) and (b) or by one or more such Subsidiaries.

"Trustee" means the Person named as the "Trustee" in the first paragraph of this instrument until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean or include each Person who is then a Trustee hereunder, and if at any time there is more than one such Person, "Trustee" as used with respect to the Securities of any series shall mean the Trustee with respect to Securities of that series.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the date as of which this instrument was executed, except as provided in Section 9.05.

"United States" means the United States of America (including the states and the District of Columbia), its territories, its possessions, the Commonwealth of Puerto Rico and other areas subject to its jurisdiction.

"United States Alien" means any Person who, for United States Federal income tax purposes, is a foreign corporation, a nonresident alien individual, a nonresident alien fiduciary of a foreign estate or trust, or a foreign partnership one or more of the members of which is, for United States Federal income tax purposes, a foreign corporation, a nonresident alien individual or a nonresident alien fiduciary of a foreign estate or trust.

"Vice President", when used with respect to the Company or the Trustee, means any vice president, whether or not designated by a number or a word or words added before or after the title "vice president".

"Voting Stock" means stock of any class or classes (however designated) the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of a majority of the directors (or persons performing similar functions) of the corporation, association or other business entity in question, even though the right so to vote is at the time suspended by reasons of the happening of such a contingency.

SECTION 1.02. Compliance Certificates and Opinions. Except as

otherwise expressly provided by this Indenture, upon any application or request by the Company to the Trustee to take any action under any provision of this Indenture, the Company shall furnish to the Trustee an Officers' Certificate stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and an Opinion of Counsel stating that in the opinion of such counsel all such conditions precedent, if any, have

been complied with, except that in the case of any such application or request as to which the furnishing of such documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate or opinion need be furnished.

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

- (1) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
- (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
- (3) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and
- (4) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

SECTION 1.03. Form of Documents Delivered to Trustee. In any case

where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

Any certificate or opinion of an officer of the Company may be based, insofar as it relates to legal matters, upon a certificate or opinion of, or representations by, counsel, unless such officer knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to the matters upon which his certificate or opinion is based are erroneous. Any such certificate or Opinion of Counsel may be based, insofar as it relates to factual matters, upon a certificate or opinion of, or representations by, an officer or officers of the Company stating that the information with respect to such factual matters is in the possession of the Company, unless such counsel knows, or in the exercise of reasonable care should know, that the certificate or opinion or representations with respect to such matters are erroneous.

Where any Person is required to make, give or execute two or more applications, requests, consents, certificates, statements, opinions or other instruments under this Indenture, they may, but need not, be consolidated and form one instrument.

SECTION 1.04. Acts of Holders. (a) Any request, demand, authorization,

direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agent duly appointed in writing, or by any

Person duly authorized by means of any written certification, proxy or other authorization furnished by a Depository. If Securities of a series are issuable as Bearer Securities, any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders of such the record of Holders of Securities of such series voting in series may, alternatively, be embodied in and evidenced by the record of Holders of Securities of such series voting in favor thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Securities of such series duly called and held in accordance with the provisions of Article Thirteen, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments or record are delivered to the Trustee and, where it is hereby expressly required, to the Company. Such instrument or instruments or record (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Holders signing such instrument or instruments or so voting at any such meeting or, in the case of the Depository, furnishing the written certification, proxy or other authorization pursuant to which such instrument or instruments are signed. Proof of execution of any such instrument or of a writing appointing any such agent or authorizing any such Person or any such written certification or proxy shall be sufficient for any purpose of this Indenture and (subject to Section 6.01) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section. The record of any meeting of Holders of Securities shall be proved in the manner provided in Section 13.06.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by law to take acknowledgments of deeds, certifying that the individual signing such instrument or writing acknowledged to him the execution thereof. Where such execution is by a signer acting in a capacity other than his individual capacity, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any other manner which the Trustee deems sufficient.

(c) The principal amount and serial numbers of Bearer Securities held by any Person, and the date of holding the same, may be proved by the production of such Bearer Securities or by a certificate executed by any trust company, bank, banker or other depository, wherever situated, showing that at the date therein mentioned such Person had on deposit with such depository, or exhibited to it, the Bearer Securities therein described; or such facts may be proved by the certificate or affidavit of the Person holding such Bearer Securities, if such certificate or affidavit is deemed by the Trustee to be satisfactory. The Trustee and the Company may assume that such ownership of any Bearer Security continues until (1) another certificate or affidavit bearing a later date issued in respect of the same Bearer Security is produced, (2) such Bearer Security is produced to the Trustee by some other Person, (3) such Bearer Security is surrendered in exchange for a Registered Security or (4) such Bearer Security is no longer Outstanding.

(d) The fact and date of execution of any such instrument or writing pursuant to clause (c) above, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Securities held by the Person so executing such instrument or writing and the date of holding the same may also be proved in any other manner which the Trustee

deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this clause.

(e) The principal amount and serial numbers of Registered Securities held by any Person and the date of holding the same shall be proved by the Security Register.

(f) Any request, demand, authorization, direction, notice, consent, waiver or other Act of a Holder shall bind every future Holder of the same Security and/or Coupon and the Holder of every Security and/or Coupon issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Security and/or Coupon.

(g) If the Company shall solicit from the Holders any request, demand, authorization, direction, notice, consent, waiver or other Act, the Company may, at its option, by or pursuant to a Board Resolution, fix in advance a record date for the determination of Holders entitled to give such request, demand, authorization, direction, notice, consent, waiver or other Act, but the Company shall have no obligation to do so. If such a record date is fixed, such request, demand, authorization, direction, notice, consent, waiver or other Act may be given before or after such record date, but only the Holders of record at the close of business on such record date shall be deemed to be Holders for the purposes of determining whether Holders of the requisite proportion of Outstanding Securities have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other Act, and for that purpose the Outstanding Securities shall be computed as of such record date; provided that no such authorization, agreement or consent by the holders

on such record date shall be deemed effective unless it shall become effective pursuant to the provisions of this Indenture not later than six months after the record date.

SECTION 1.05. Notices, etc. to Trustee and Company. Any request,

demand, authorization, direction, notice, consent, waiver or Act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

(1) the Trustee by any Holder or by the Company shall be made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office, Attention: Corporate Trust Administration and unless otherwise herein expressly provided, any such document shall be deemed to be sufficiently made, given, furnished or filed upon its receipt by a Responsible Officer of the Trustee assigned to its Corporate Trust Administration, or

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at the address of its principal office specified in the first paragraph of this instrument or at any other address previously furnished in writing to the Trustee by the Company, Attention: Treasurer, with a copy to General Counsel.

SECTION 1.06. Notice to Holders; Waiver. Where this Indenture provides

for notice to Holders of any event:

(i) if any of the Securities affected by such event are Registered Securities, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder affected by such event, at his address as it appears in the Security Register, within the time prescribed for the giving of such notice, and

(ii) if any of the Securities affected by such event are Bearer Securities, such notice shall be sufficiently given (unless otherwise herein expressly provided or unless otherwise specified in such Securities) if published once in an Authorized Newspaper in New York City and London and such other cities as shall be specified with respect to such Securities and mailed to such Persons whose names and addresses were previously filed with the Trustee within the two preceding years pursuant to Section 7.03(d), within the time prescribed for the giving of such notice.

In case by reason of the suspension of regular mail service or by reason of any other cause it shall be impracticable to give such notice to Holders of Registered Securities by mail, then such notification as shall be made with the approval of the Trustee shall constitute a sufficient notification for every purpose hereunder. In any case where notice to Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of a Registered Security shall affect the sufficiency of such notice with respect to other Holders of Registered Securities or the sufficiency of any notice to Holders of Bearer Securities given as provided herein.

In case by reason of the suspension of publication of any Authorized Newspaper or Authorized Newspapers or by reason of any other cause it shall be impracticable to publish any notice to Holders of Bearer Securities as provided above, then such notification to Holders of Bearer Securities as shall be given with the approval of the Trustee shall constitute sufficient notice to such Holders for every purpose hereunder. Neither the failure to give notice by publication to Holders of Bearer Securities as provided above, nor any defect in any notice so published, shall affect the sufficiency of any notice to Holders of Registered Securities given as provided herein.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders of Securities shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 1.07. Conflict with Trust Indenture Act. If any

provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 1.08. Effect of Headings and Table of Contents. The

Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.09. Successors and Assigns. All covenants and agreements in this

Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 1.10. Separability Clause. In case any provision in this Indenture

or in the Securities or Coupons shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.11. Benefits of Indenture. Nothing in this Indenture or in the

Securities or Coupons, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.12. Governing Law. This Indenture and the Securities and Coupons

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

SECTION 1.13. Legal Holidays. Except as otherwise specified as contemplated

by Section 3.01, in any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities or Coupons, if any) payment of interest or principal (and premium, if any) need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or Redemption Date, or at the Stated Maturity, and, if so made, no interest shall accrue for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to the next succeeding Business Day at such Place of Payment.

SECTION 1.14. Moneys of Different Currencies to be Segregated. The Trustee

shall segregate moneys, funds and accounts held by the Trustee hereunder in one currency (or unit thereof) from any moneys, funds or accounts in any other currencies (or units thereof) notwithstanding any provision herein which would otherwise permit the Trustee to commingle such amounts.

SECTION 1.15. Payment to be in Proper Currency. In the case of any Security

denominated in any particular currency or currency unit (the "Required Currency"), except as otherwise provided herein, therein or in or pursuant to the related Board Resolution or supplemental indenture, the obligation of the Company to make any payment of principal, premium or interest thereon shall not be discharged or satisfied by any tender by the Company, or recovery by the Trustee, in any currency or currency unit other than the Required Currency, except to the extent that such tender or recovery shall result in the Trustee timely holding the full amount of the Required Currency then due and payable. If any such tender or recovery is made in other than the Required Currency, the Trustee may take such actions as it considers appropriate to exchange such other currency or currency unit for the Required Currency. The costs and risks of any such exchange, including without limitation the risks of delay and exchange rate fluctuation, shall be borne by the Company, the Company shall remain fully liable for any shortfall or delinquency in the full amount of the Required Currency then due and payable and in no circumstances shall the Trustee be liable therefor. The Company hereby waives any defense of payment based upon any such tender or recovery which is not in the

Required Currency, or which, when exchanged for the Required Currency by the Trustee, is less than the full amount of the Required Currency then due and payable.

SECTION 1.16. Language of Notices, etc. Any request, demand, authorization,

direction, notice, consent or waiver required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

ARTICLE TWO

Security Forms

SECTION 2.01. Forms Generally. The Securities of each series and the

Coupons, if any, to be attached thereto shall be in substantially the forms (including temporary or definitive global form) as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities and Coupons, if any, as evidenced by their execution of the Securities and Coupons, if any. If the forms of Securities or Coupons of any series (or any such temporary or definitive Global Security) are established by, or by action taken pursuant to a Board Resolution, a copy of the Board Resolution together with an appropriate record of any action taken pursuant thereto, which Board Resolution or record of such action shall have attached thereto a true and correct copy of the forms of Security approved by or pursuant to such Board Resolution, shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Company Order contemplated by Section 3.03 for the authentication and delivery of such Securities (or any such temporary or definitive Global Security) or Coupons.

Unless otherwise specified as contemplated by Section 3.01, Securities in bearer form shall have interest Coupons attached.

The definitive Securities and Coupons, if any, shall be printed, lithographed or engraved on steel engraved borders or may be produced in any other manner, all as determined by the officers executing such Securities and Coupons, if any, as evidenced by their execution of such Securities and Coupons, if any.

SECTION 2.02. Form of Trustee's Certificate of Authentication. The

Trustee's certificate of authentication shall be in substantially the following form:

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

[full name of Trustee]
as Trustee

By _____
Authorized Officer

SECTION 2.03. Securities in Global Form. If Securities of a

series are issuable in global form, as specified as contemplated by Section 3.01, then, notwithstanding clause (8) of Section 3.01 and the provisions of Section 3.02, such Security shall represent such of the Outstanding Securities of such series as shall be specified therein and may provide that it shall represent the aggregate amount of Outstanding Securities from time to time endorsed thereon and that the aggregate amount of Outstanding Securities represented thereby may from time to time be reduced to reflect exchanges. Any endorsement of a Security in global form to reflect the amount, or any increase or decrease in the amount, of Outstanding Securities represented thereby shall be made by the Trustee in such manner and upon instructions given by such Person or Persons as shall be specified therein or in the Company Order to be delivered to the Trustee pursuant to Section 3.03 or Section 3.04. Subject to the provisions of Section 3.03 and, if applicable, Section 3.04, the Trustee shall deliver and redeliver any Security in definitive global bearer form in the manner and upon written instructions given by the Person or Persons specified therein or in the applicable Company Order. If a Company Order pursuant to Section 3.03 or 3.04 has been, or simultaneously is, delivered, any instructions by the Company with respect to endorsement or delivery or redelivery of a Security in global form shall be in writing but need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel. The beneficial owner of a Note represented by a definitive Global Security in bearer form may, upon no less than 30 days' written notice to the Trustee, given by the beneficial owner through a Depository, exchange its interest in such definitive Global Security for a definitive Bearer Note or Notes, or a definitive Registered Note or Notes, of any authorized denomination. No individual definitive Bearer Note will be delivered in or to the United States.

The provisions of the last sentence of the third to the last paragraph of Section 3.03 shall apply to any Security represented by a Security in global form if such Security was never issued and sold by the Company and the Company delivers to the Trustee the Security in global form together with written instructions (which need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel) with regard to the reduction in the principal amount of Securities represented thereby, together with the written statement contemplated by the last sentence of the third to the last paragraph of Section 3.03.

Notwithstanding the provisions of Sections 2.01 and 3.07, unless otherwise specified as contemplated by Section 3.01, payment of principal of and any premium and any interest on any Security in definitive global form shall be made to the Person or Persons specified therein.

ARTICLE THREE

The Securities

SECTION 3.01. Amount Unlimited; Issuable in Series. The

aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series. Not all Securities of any one series need be issued at the same time, and, unless otherwise provided, a series may be reopened for issuances of additional Securities of such series. There shall be established in or pursuant to a Board Resolution and set forth in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities);

(2) any limit upon the aggregate principal amount of the Securities of the series which may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.04, 3.05, 3.06, 9.06 or 11.06 and except for any Securities which, pursuant to Section 3.03 are deemed never to have been authenticated and delivered hereunder);

(3) the date or dates on which the principal (and premium, if any) of any of the Securities of the series are payable or the method of determination thereof;

(4) the rate or rates, or the method of determination thereof, at which any of the Securities of the series shall bear interest, if any, the date or dates from which such interest shall accrue, the Interest Payment Dates on which such interest shall be payable and the Regular Record Date for the interest payable on any Registered Securities on any Interest Payment Date;

(5) the place or places where the principal of (and premium, if any) and interest, if any, on any of the Securities and Coupons, if any of the series shall be payable and the office or agency for the Securities of the series maintained by the Company pursuant to Section 10.02;

(6) the period or periods within which, the price or prices at which and the terms and conditions upon which any of the Securities and any Coupons of the series may be redeemed, in whole or in part, at the option of the Company;

(7) the terms of any sinking fund and the obligation, if any, of the Company to redeem or purchase Securities of the series pursuant to any sinking fund or analogous provisions or at the option of a Holder thereof and the period or periods within which, the price or prices at which and the terms and conditions upon which Securities of the series shall be redeemed or purchased, in whole or in part;

(8) if other than denominations of \$1,000, if registered, and \$5,000, if bearer, and in any integral multiple of the applicable denominations for Securities denominated in Dollars, the denominations in which the Securities of the series shall be issuable;

(9) if other than the principal amount thereof, the portion of the principal amount of any of the Securities of the series which shall be payable upon declaration of acceleration of the Maturity thereof pursuant to Section 5.02;

(10) the application, if any, of Section 4.03, or such other means of satisfaction and discharge as may be specified for the Securities and Coupons, if any, for a series;

(11) any deletions or modifications of or additions to the Events of Default set forth in Section 5.01 or covenants of the Company set forth in Article Ten pertaining to the Securities of the series (including without limitation whether the provisions of Section 10.08 or 10.09 shall not be applicable to the Securities of the series);

(12) the forms of the Securities and Coupons, if any, of the series;

(13) if other than Dollars, the coin or currency or currencies, or currency unit or units, in which payment of the principal of (and premium, if any) and interest, if any, on any of the Securities of the series shall be payable;

(14) if the principal of (and premium, if any) or interest, if any, on any of the Securities of the series are to be payable at the election of the Company or a Holder thereof, or under some or all other circumstances, in a coin or currency or currencies, or currency unit or units, other than that in which the Securities are denominated, the period or periods within which, and the terms and conditions upon which, such election may be

made, or the other circumstances under which any of the Securities are to be so payable, and any provision requiring the Holder to bear currency exchange costs by deduction from such payments;

(15) if the amount of payments of principal (and premium, if any) or interest, if any, on any of the Securities of the series may be determined with reference to an index based on (i) a coin or currency or currencies, or currency unit or units other than that in which such Securities are stated to be payable or (ii) any method not inconsistent with the provisions of this Indenture specified in or pursuant to such Board Resolution, then in each case (i) and (ii) the manner in which such amounts shall be determined;

(16) whether the Securities of the series are to be issued as Registered Securities or Bearer Securities (with or without Coupons); whether Bearer Securities may be exchanged for Registered Securities of the series and whether Registered Securities may be exchanged for Bearer Securities of the series (if permitted by applicable laws and regulations) and the circumstances under which and the place or places where any such exchanges, if permitted, may be made; and whether the Securities of the series shall be issued in whole or in part in the form of one or more Global Securities and, in such case, the Depository for such Global Security or Securities and whether any Global Securities of the series are to be issuable initially in temporary form and whether any Global Securities of the series are to be issuable in definitive form with or without coupons and, if so, whether beneficial owners of interests in any such definitive Global Security may exchange such interests for Securities of such series and of like tenor of any authorized form and denomination and the circumstances under which and the place or places where any such exchanges may occur, if other than in the manner provided in Section 3.05;

(17) whether and under what circumstances and with what procedures and documentation the Company will pay additional amounts on any of the Securities and Coupons, if any, of the series to any Holder who is not a U.S. Person (including a

definition of such term), 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 Securities rather than pay additional amounts (and the terms of any such option);

(18) the Person to whom any interest on any Registered Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the Coupons appertaining thereto as they severally mature and to the extent to which, or the manner in which, any interest payable on a temporary Global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 3.04; and

(19) any other terms of any of the Securities of the series.

All Securities of any one series and the Coupons appertaining to any Bearer Securities of such series shall be substantially identical except, in the case of Registered Securities, as to denomination and except as may otherwise be provided in or pursuant to the Board Resolution referred to above and (subject to Section 3.03) set forth in the Officers' Certificate referred to above or in any such indenture supplemental hereto.

At the option of the Company, interest on the Registered Securities of any series that bears interest may be paid by mailing a check to the address of any Holder as such address shall appear in the Securities Register.

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of such Board Resolution shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the Officers' Certificate setting forth the terms of the series.

SECTION 3.02. Denominations. The Securities of each series

shall be issuable in such denominations as shall be specified as contemplated by Section 3.01. In the absence of any such provisions with respect to the Securities of any series, the Securities of such series denominated in Dollars shall be issuable in denominations of \$1,000, if registered, and \$5,000, if bearer, and in any integral multiple of the applicable denominations. Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the officers of the Company executing the same may determine with the approval of the Trustee.

SECTION 3.03. Execution, Authentication, Delivery and Dating.

The Securities shall be executed on behalf of the Company by manual or facsimile signatures of its Chairman, its President or any of its Vice Presidents or its Treasurer, under its corporate seal reproduced thereon attested by the manual or facsimile signature of its Secretary or one of its Assistant Secretaries. Any Coupons shall be executed on behalf of the Company by the manual or facsimile signature of any such officer of the Company.

Securities and Coupons bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series, together with any Coupons appertaining thereto, executed by the Company to the Trustee for authentication, together with a Company Order for the authentication and delivery of such Securities, and the Trustee in accordance with the Company Order shall authenticate and deliver such Securities; provided, however, that,

in connection with its original issuance, no Bearer Security (including any temporary Bearer Security issued pursuant to Section 3.04 which is not a Global Security) shall be mailed or otherwise delivered to any location in the United States; and provided; further that a Bearer Security may be delivered outside

the United States in connection with its original issuance only if the Person entitled to receive such Bearer Security (including any temporary Bearer Security issued pursuant to Section 3.04 which is not a Global Security) shall have furnished a certificate in the form set forth in Exhibit A.1 to this Indenture, dated on the earlier of the first Interest Payment Date and the date of the delivery of the Bearer Security in definitive form. If any Security shall be represented by a definitive Global Security in bearer form, then, for purposes of this Section and Section 3.04, the notation of a beneficial owner's interest therein upon original issuance of such Security or upon exchange of a portion of a temporary Global Security shall be deemed to be delivery in connection with its original issuance of such beneficial owner's interest in such definitive Global Security in bearer form. Except as permitted by Section 3.06, the Trustee shall not authenticate and deliver any Bearer Security unless all appurtenant Coupons for interest then matured have been detached and canceled.

If the forms or terms of the Securities of the series and any related Coupons have been established by or pursuant to one or more Board Resolutions as permitted by Sections 2.01 and 3.01, in authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and (subject to Section 6.01) shall be fully protected in relying upon, an Opinion of Counsel stating:

(a) if the forms of such Securities and any Coupons have been established by or pursuant to a Board Resolution as permitted by Section 2.01, that such forms have been established in conformity with the provisions of this Indenture;

(b) if the terms of such Securities and any Coupons have been or are to be established by or pursuant to a Board Resolution as permitted by Section 3.01, that such terms (or in the case of the issuance of Securities pursuant to the next paragraph, the procedures for determining such terms) have been established in conformity with the provisions of this Indenture; and

(c) that such Securities, together with any Coupons appertaining thereto, when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company, entitled to the benefits of the Indenture and enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy,

insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles.

If such forms or terms have been so established, the Trustee shall not be required to authenticate such Securities if the issue of such Securities pursuant to this Indenture will affect the Trustee's own rights, duties or immunities under the Securities and this Indenture or otherwise in a manner which is not reasonably acceptable to the Trustee. Without limiting the generality of the foregoing, the Trustee shall not be required to authenticate Securities denominated in a Foreign Currency if the Trustee reasonably believes that it will be unable to perform its duties with respect to such Securities.

Each Registered Security shall be dated the date of its authentication; and each Bearer Security and any Global Security in bearer form shall be dated as of the date of original issuance of the first Security of such series to be issued.

No Security or Coupon shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears on such Security a certificate of authentication substantially in the form provided for herein executed by the Trustee by manual signature, and such certificate upon any Security shall be conclusive evidence, and the only evidence, that such Security has been duly authenticated and delivered hereunder. Notwithstanding the foregoing, if any Security shall have been duly authenticated and delivered hereunder but never issued and sold by the Company, and the Company shall deliver such Security to the Trustee for cancellation as provided in Section 3.09 together with a written statement (which need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel) stating that such Security has never been issued and sold by the Company, for all purposes of this Indenture such Security shall be deemed never to have been authenticated and delivered hereunder and shall never be entitled to the benefits of this Indenture.

If the Company shall establish pursuant to Section 3.01 that the Securities of a series are to be issued in whole or in part in the form of a Global Security, then the Company shall execute and the Trustee shall in accordance with this Section and the Company Order with respect to such series, authenticate and deliver the Global Security that (i) shall represent and shall be denominated in an aggregate amount equal to the aggregate principal amount of Outstanding Securities of such series to be represented by the Global Security, (ii) shall be registered, if in registered form, in the name of the Depository for such Global Security or the nominee of such Depository, and (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instruction.

Each Depository designated pursuant to Section 3.01 for a Global Security in registered form must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the Securities Exchange Act of 1934 and any other applicable statute or regulation.

SECTION 3.04. Temporary Securities. Pending the preparation

of definitive Securities of any series, the Company may execute, and upon Company Order the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form or, if authorized, in

bearer form with one or more Coupons or without Coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities may determine, as evidenced conclusively by their execution of such Securities. Such temporary Securities may be in global form.

Except in the case of temporary Global Securities in bearer form (which shall be exchanged in accordance with the provisions of the following paragraphs), if temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. After the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company maintained pursuant to Section 10.02 in a Place of Payment for such series for the purpose of exchanges of Securities of such series, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any unmatured Coupons appertaining thereto) the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like aggregate principal amount of definitive Securities of the same series and of like tenor or authorized denominations and having the same terms and conditions; provided,

however, that no definitive Bearer Security shall be delivered in exchange for a

temporary Registered Security; and provided further that a definitive Bearer

Security shall be delivered in exchange for a temporary Bearer Security only in
compliance with the conditions set forth in Section 3.03.

If temporary Global Securities of any series are issued in bearer form, any such temporary Global Securities in bearer form shall, unless otherwise provided therein, be delivered to the London office of a Depositary (the "Common Depositary"), for the benefit of Euroclear and Clearstream Banking, Societe Anonyme "Clearstream Luxembourg", for credit to the respective accounts of the beneficial owners of such Securities (or to such other accounts as they may direct).

Without unnecessary delay but not later than the date specified in, or determined pursuant to the terms of, any such temporary Global Security (but in any event in the case of definitive Securities to be delivered in bearer form not before the beneficial owners of interests in the temporary Global Security have provided the certification set forth in Section 3.03) (the "Exchange Date"), the Company shall deliver to the Trustee definitive Securities, in aggregate principal amount equal to the principal amount of such temporary Global Security, executed by the Company. On or after the Exchange Date such temporary Global Security shall be surrendered by the Common Depositary to the Trustee, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive Securities without charge and the Trustee shall authenticate and deliver, in exchange for each portion of such temporary Global Security, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such temporary Global Security to be exchanged. The definitive Securities to be delivered in exchange for any such temporary Global Security in bearer form shall be in bearer form, registered form, definitive global form (registered or bearer), or any combination thereof, as specified as contemplated by Section 3.01, and, if any combination thereof is so specified, as requested by the beneficial owner thereof; provided, however,

that, unless otherwise specified in such temporary Global Security in bearer form, upon such presentation by the Common Depositary, such temporary Global Security in bearer form shall be accompanied by a certificate dated the Exchange Date or a subsequent date and signed by Euroclear as to the portion of such temporary Global Security in

bearer form held for its account then to be exchanged and a certificate dated the Exchange Date or a subsequent date and signed by Clearstream Luxembourg as to the portion of such temporary Global Security in bearer form held for its account then to be exchanged, each in the form set forth in Exhibit A.2 to this Indenture; and provided further that definitive Bearer Securities shall be ----- delivered in exchange for a portion of a temporary Global Security in bearer form only in compliance with the requirements of Section 3.03.

Unless otherwise specified in such temporary Global Security in bearer form, the interest of a beneficial owner of Securities of a series in a temporary Global Security in bearer form shall be exchanged for definitive Securities of the same series and of like tenor following the Exchange Date when the beneficial owner instructs Euroclear or Clearstream Luxembourg, as the case may be, to request such exchange on his behalf and delivers to Euroclear or Clearstream Luxembourg, as the case may be, a certificate in the form set forth in Exhibit A.1 to this Indenture, dated on the earlier of the first Interest Payment Date and the date of delivery of the Securities in definitive form, copies of which certificate in blank shall be available from the offices of Euroclear, Clearstream Luxembourg, the Trustee, any Authenticating Agent appointed for such series of Securities and any Paying Agent appointed for such series of Securities. Unless otherwise specified in such temporary Global Security in bearer form, any such exchange shall be made free of charge to the beneficial owners of such temporary Global Security in bearer form, except that a Person receiving definitive Securities must bear the cost of insurance, postage, transportation and the like in the event that such Person does not take delivery of such definitive Securities in person at the offices of Euroclear or Clearstream Luxembourg. The definitive Securities in bearer form to be delivered in exchange for any portion of a temporary Global Security in bearer form shall be delivered only outside the United States.

Until exchanged in full as hereinabove provided, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of the same series and of like tenor authenticated and delivered hereunder, except that, unless otherwise specified as contemplated by Section 3.01, interest payable on a temporary Global Security in bearer form on an Interest Payment Date for Securities of such series occurring prior to the applicable Exchange Date shall be payable to Euroclear and Clearstream Luxembourg on such Interest Payment Date upon delivery by Euroclear and Clearstream Luxembourg to the Trustee of a certificate or certificates in the form set forth in Exhibit A.3 to this Indenture, for credit without further interest on or after such Interest Payment Date to the respective accounts of the Persons who are the beneficial owners of such temporary Global Security in bearer form (or to such other accounts as they may direct) on such Interest Payment Date and who have each delivered to Euroclear or Clearstream Luxembourg, as the case may be, a certificate in the form set forth in Exhibit A.4 to this Indenture. Any interest so received by Euroclear and Clearstream Luxembourg and not paid as herein provided shall be returned to the Trustee immediately prior to the expiration of two years after such Interest Payment Date in order to be repaid to the Company in accordance with Section 10.03.

SECTION 3.05. Registration; Registration of Transfer and Exchange. The -----

Company shall cause to be kept at an office or agency to be maintained by the Company in accordance with Section 10.02 a register (the "Security Register") in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Registered Securities and the registration of transfers of Registered Securities. The Trustee is

hereby appointed "Security Registrar" for the purpose of registering Registered Securities and transfers of Registered Securities as herein provided.

Upon surrender for registration of transfer of any Registered Security of any series at the office or agency of the Company maintained pursuant to Section 10.02 for such purpose in a Place of Payment for such series, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor and having the same terms and conditions.

The Company may establish pursuant to Section 3.01 that, at the option of the Holder, Registered Securities of any series may be exchanged for other Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor and having the same terms and conditions, upon surrender of the Securities to be exchanged at any such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive. Bearer Securities may not be issued in exchange for Registered Securities.

At the option of the Holder (if so provided pursuant to Section 3.01) Bearer Securities of any series may be exchanged for Registered Securities of the same series of any authorized denominations and of a like aggregate principal amount and tenor and having the same terms and conditions, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured Coupons and all matured Coupons in default thereto appertaining. If the Holder of a Bearer Security is unable to produce any such unmatured Coupon or Coupons or matured Coupon or Coupons in default, such exchange may be effected if the Bearer Securities are accompanied by payment in funds acceptable to the Company in an amount equal to the face amount of such missing Coupon or Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Company and the Trustee if there is furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing Coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 10.02,

interest represented by Coupons shall be payable only upon presentation and surrender of those Coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series and like tenor after the close of Business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the Coupon relating to such Interest Payment Date or proposed date for payment, as the case may be, and interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such Coupon when due in accordance with the provisions of this Indenture.

Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive.

Notwithstanding the foregoing, except as otherwise specified as contemplated by Section 3.01, any definitive Global Security in bearer form shall be exchangeable only as provided in this paragraph. If the beneficial owners of interests in a definitive Global Security in bearer form are entitled to exchange such interests for Securities of such series and of like tenor and principal amount of another authorized form and denomination, as specified as contemplated by Section 3.01, then without unnecessary delay but in any event not later than the earliest date on which such interest may be so exchanged, the Company shall deliver to the Trustee definitive Securities in aggregate principal amount equal to the principal amount of such definitive Global Security in bearer form, executed by the Company. On or after the earliest date on which such interest may be so exchanged, such definitive Global Security in bearer form shall be surrendered by the Common Depositary or such other depositary or Common Depositary as shall be specified in the Company Order with respect thereto to the Trustee, as the Company's agent for such purpose, to be exchanged, in whole or from time to time in part, for definitive Securities without charge and the Trustee shall authenticate and deliver, in exchange for each portion of such definitive Global Security in bearer form, an equal aggregate principal amount of definitive Securities of the same series of authorized denominations and of like tenor as the portion of such definitive Global Security in bearer form to be exchanged which, unless the Securities of the series are not issuable both as Bearer Securities and as Registered Securities, as specified as contemplated by Section 3.01, shall be in the form of Bearer Securities or Registered Securities, or any combination thereof, as shall be specified by the beneficial owner thereof; provided, however, that no

such exchanges may occur during a period beginning at the opening of business 15 days before any selection of Securities of that series to be redeemed and ending on the relevant Redemption Date; and provided further that no Bearer Security

delivered in exchange for a portion of a definitive Global Security shall be mailed or otherwise delivered to any location in the United States. If a Registered Security is issued in exchange for any portion of a definitive Global Security in bearer form after the close of business at the office or agency where such exchange occurs on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Record Date and the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, interest or Defaulted Interest, as the case may be, will not be payable on such Interest Payment Date or proposed date for payment, as the case may be, in respect of such Registered Security, but will be payable on such Interest Payment Date or proposed date for payment, as the case may be, only to the Person to whom interest in respect of such portion of such definitive Global Security in bearer form is payable in accordance with the provisions of this Indenture.

All Securities issued upon any registration of transfer or exchange of Securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee or any transfer agent) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the

Company and the Security Registrar or any transfer agent duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made for any registration of transfer or exchange of Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Securities, other than exchanges pursuant to Section 3.04, 9.06 or 11.06 not involving any transfer.

The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any series during a period beginning at the opening of business 15 days before any selection of Securities of that series to be redeemed and ending at the close of business on (A) if Securities of the series are issuable only as Registered Securities, the day of the mailing of the relevant notice of redemption and (B) if Securities of the series are issuable as Bearer Securities, the day of the first publication of the relevant notice of redemption or, if Securities of the series are also issuable as Registered Securities and there is no publication, the mailing of the relevant notice of redemption, or (ii) to register the transfer of or exchange of any Registered Security so selected for redemption, in whole or in part, except the unredeemed portion of any Security being redeemed in part, or (iii) to exchange any Bearer Security so selected for redemption except that such a Bearer Security may be exchanged for a Registered Security of that series and like tenor; provided that

such Registered Security shall be simultaneously surrendered for redemption.

If at any time the Depositary for the Global Securities of a series notifies the Company that it is unwilling or unable to continue as Depositary for the Global Securities of such series or if at any time the Depositary for the Global Securities of such series shall no longer be eligible under Section 3.03, the Company shall appoint a successor Depositary with respect to the Global Securities of such series. If a successor Depositary for the Global Securities of such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company's election pursuant to Section 3.01 that such Registered Securities be represented by one or more Global Securities shall no longer be effective with respect to the Global Securities of such series and the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Securities of such series, will authenticate and deliver, Securities of such series in definitive form in an aggregate principal amount equal to the principal amount of the Global Security or Securities representing such series in exchange for such Global Security or Securities.

If specified by the Company pursuant to Section 3.01 with respect to a series of Securities, the Company may at any time and in its sole discretion determine that the Securities of any series issued in the form of one or more Global Securities shall no longer be represented by such Global Security or Securities. In such event the Company will execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Securities of such series, will authenticate and deliver Securities of such series in definitive form and in an aggregate principal amount equal to the principal amount of the Global Security or Securities representing such series in exchange for such Global Security or Securities.

If specified by the Company pursuant to Section 3.01 with respect to a series of Securities, the Depositary for such series of Securities may at its option surrender a Global Security for such series of Securities in exchange in whole or in part for Securities of such series in definitive form on such terms as are acceptable to the Company and such Depositary. Thereupon, the Company shall execute, and the Trustee, upon receipt of a Company Order for the authentication and delivery of definitive Securities of such series, shall authenticate and deliver, without charge to the Holders,

(i) to each Person specified by such Depositary a new Security or Securities of the series of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Global Security or Securities; and

(ii) to such Depositary a new Global Security in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Security and the aggregate principal amount of definitive Securities delivered to Holders thereof.

In any exchange provided for in any of the preceding three paragraphs, the Company will execute and the Trustee will authenticate and deliver Securities (a) in definitive registered form in authorized denominations, if the Securities of such series are issuable as Registered Securities, (b) in definitive bearer form in authorized denominations, with coupons attached, if the Securities of such series are issuable as Bearer Securities or (c) as either Registered or Bearer Securities, if the Securities of such series are issuable in either form; provided, however, that a definitive Bearer Security shall be

delivered in exchange for a temporary Global Security only in compliance with the conditions set forth in Section 3.04; and provided further that delivery of

a Bearer Security shall occur only outside the United States.

Upon the exchange of a Global Security for Securities in definitive form, such Global Security shall be canceled by the Trustee. Registered Securities issued in exchange for a Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depositary for such Global Security, pursuant to instructions from its direct or indirect participants or otherwise, shall instruct the Trustee. The Trustee shall deliver such Registered Securities to the persons in whose names such Securities are so registered.

Unless otherwise specified by the Company pursuant to Section 3.01, a Global Security representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary for such series to a nominee of such Depositary or by a nominee of such Depositary to such Depositary or another nominee of such Depositary or by such Depositary or any such nominee to a successor Depositary for such series or a nominee of such successor Depositary.

SECTION 3.06. Mutilated, Destroyed, Lost and Stolen Securities. If any

mutilated Security or Security with a mutilated Coupon appertaining to it is surrendered to the Trustee, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a new Security of the same series and of like tenor and principal amount and with the same terms and conditions and bearing a number not contemporaneously outstanding with Coupons corresponding to the Coupons, if any, appertaining to the surrendered Security.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or Coupon and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security or Coupon has been acquired by a bona fide purchaser, the Company shall execute and the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security or in exchange for the Security to which a destroyed, lost or stolen Coupon appertains (upon surrender to the Trustee of such Security with all appurtenant Coupons not destroyed, lost or stolen) a new Security of the same series and of like tenor and principal amount and with the same terms and conditions and bearing a number not contemporaneously outstanding, with Coupons corresponding to the Coupons, if any, appertaining to such destroyed, lost or stolen Security or to the Security to which such destroyed, lost or stolen Coupon appertains.

In case any such mutilated, destroyed, lost or stolen Security or Coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security or Coupon pay such Security or Coupon; provided, however, that principal of (and premium, if any) and any

interest on Bearer Securities shall, except as otherwise provided in Section 10.02, be payable only at an office or agency located outside the United States and, unless otherwise specified as contemplated by Section 3.01, any interest on Bearer Securities shall be payable only upon presentation and surrender of the Coupons appertaining thereto.

Upon the issuance of any new Security or Coupon under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security or Coupon of any series issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Security or Coupon shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Security shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities or Coupons of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or Coupons.

SECTION 3.07. Payment of Interest; Interest Rights Preserved. Unless

otherwise provided as contemplated by Section 3.01 with respect to any series of Securities, interest on any Registered Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Registered Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall cease to be payable to the Holder on the relevant Regular Record Date by virtue

of having been such Holder, and such Defaulted Interest may be paid by the Company, at its election in each case, as provided in clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this Clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date and shall no longer be payable pursuant to the following Clause (2).

(2) The Company may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section and Section 3.05, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

None of the Company, the Trustee, any Authenticating Agent, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of any beneficial ownership interest in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

SECTION 3.08. Persons Deemed Owners. Prior to due presentment of a

Registered Security for registration of transfer, the Company, the Trustee and any agent of the

Company or the Trustee may treat the Person in whose name such Registered Security is registered as the owner of such Registered Security for the purpose of receiving payment of principal of (and premium, if any) and (subject to Sections 3.05 and 3.07) interest on such Security and for all other purposes whatsoever, whether or not such Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Title to any Bearer Security and any Coupons appertaining thereto shall pass by delivery. The Company, the Trustee and any agent of the Company or the Trustee may treat the Holder of any Bearer Security and the Holder of any Coupon as the absolute owner of such Security or Coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Security or Coupon be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

SECTION 3.09. Cancellation. All Securities and Coupons surrendered for

payment, redemption, registration of transfer or exchange or for credit against any sinking fund payment shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee. All Securities and Coupons so delivered shall be promptly canceled by the Trustee. All Bearer Securities and unmatured Coupons held by the Trustee pending such cancellation shall be deemed to be delivered for cancellation for all purposes of this Indenture and the Securities. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee (or to any other Person for delivery to the Trustee) for cancellation any Securities previously authenticated hereunder which the Company has not issued and sold, and all Securities so delivered shall be promptly canceled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities canceled as provided in this Section, except as expressly permitted by this Indenture. All canceled Securities and Coupons held by the Trustee shall be destroyed in a manner selected by the Trustee unless otherwise directed by a Company Order.

SECTION 3.10. Computation of Interest. Except as otherwise specified

as contemplated by Section 3.01 for Securities of any series, interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3.11. Compliance with Certain Laws and Regulations. If any

Bearer Securities are to be issued in any series of Securities, the Company will use reasonable efforts to provide for arrangements and procedures designed pursuant to then applicable laws and regulations, if any, to ensure that such Bearer Securities are sold or resold, exchanged, transferred and paid only in compliance with such laws and regulations and without adverse consequences to the Company, the Holders and the Trustee.

SECTION 3.12. Medium-Term Securities. Notwithstanding any contrary

provision herein, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Company Order, Officers' Certificate, supplemental indenture or Opinion of Counsel otherwise required pursuant to Sections 1.02, 3.01, 3.03 and 3.04 at or prior to the time of authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

An Officers' Certificate or supplemental indenture, delivered pursuant to this Section 3.12 in the circumstances set forth in the preceding paragraph may provide that Securities which are the subject thereof will be authenticated and delivered by the Trustee on original issue from time to time upon the telephonic or written order of persons designated in such Officers' Certificate or supplemental indenture (telephonic instructions to be promptly confirmed in writing by such persons) and that such persons are authorized to determine, consistent with such Officers' Certificate or any applicable supplemental indenture such terms and conditions of said Securities as are specified in such Officers' Certificate or supplemental indenture, provided that the foregoing procedure is acceptable to the Trustee.

ARTICLE FOUR

Satisfaction and Discharge

SECTION 4.01. Satisfaction and Discharge of Indenture. This Indenture

shall upon Company Request cease to be of further effect with respect to a series of Securities (except as to any surviving rights of (as applicable) registration of transfer or exchange of Securities and Coupons, if any, of such series herein expressly provided for) and the Trustee, at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to such series, when

(1) either

(A) all Securities and Coupons of such series theretofore authenticated and delivered (other than (i) Coupons appertaining to Bearer Securities surrendered for exchange for Registered Securities and maturing after such exchange, whose surrender is not required or has been waived as provided in Section 3.05, (ii) Securities and Coupons of such series which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.06, (iii) Coupons appertaining to Securities called for redemption and maturing after the relevant Redemption Date, whose surrender has been waived as provided in Section 11.06, and (iv) Securities and Coupons of such series for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 10.03) have been delivered to the Trustee for cancellation; or

(B) all such Securities and Coupons of such series not theretofore delivered to the Trustee for cancellation

(i) have become due and payable, or

(ii) will become due and payable at their Stated Maturity within one year, or

(iii) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of

notice of redemption by the Trustee in the name, and at the expense, of the Company.

and the Company, in the case of (i), (ii) or (iii) above, has deposited or caused to be deposited with the Trustee as trust funds in trust for the purpose an amount in the currency or currency unit in which such Securities and Coupons of such series are payable sufficient to pay and discharge the entire indebtedness on such Securities and Coupons of such series not theretofore delivered to the Trustee for cancellation, for principal (and premium, if any) and interest, if any, to the date of such deposit (in the case of Securities and Coupons of such series which have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

(3) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of this Indenture have been complied with.

Notwithstanding the satisfaction and discharge of this Indenture with respect to a series, the obligations of the Company to the Trustee under Section 6.07, the obligations of the Trustee to any Authenticating Agent under Section 6.14 and, if money shall have been deposited with the Trustee pursuant to subclause (B) of clause (1) of this Section, the obligations of the Trustee under Section 4.02 and the last paragraph of Section 10.03 shall survive.

SECTION 4.02. Application of Trust Money. Subject to the provisions of

the last paragraph of Section 10.03, all money deposited with the Trustee pursuant to Sections 4.01 and 4.03 shall be held in trust and applied by it, in accordance with the provisions of the Securities and Coupons, if any, and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

SECTION 4.03. Satisfaction, Discharge and Defeasance of Securities of

Any Series. If this Section is specified, as contemplated by Section 3.01, to be

applicable to Securities and Coupons, if any, of any series, at the Company's option, either

(a) the Company will be deemed to have been Discharged (as defined below) from its obligations with respect to Securities and Coupons, if any, of such series or

(b) the Company will cease to be under any obligation to comply with any term, provision or condition set forth in (x) Sections 8.01, 8.02, 10.08 and 10.09 or (y) the instrument or instruments setting forth the terms, provisions or conditions of such series pursuant to Section 3.01 (provided in case of this subclause (y) that such instrument or instruments

specify which terms, provisions or conditions, if any, are subject to this clause (b) provided further, however, that no such instrument may specify

that the Company may cease to comply with any obligations as to which it may not be

Discharged pursuant to the definition of "Discharged"); in each case (a) and (b) with respect to the Securities and Coupons, if any, of such series on the first day after the applicable conditions set forth below in (p) and either (q) or (r) have been satisfied:

(p) (1) the Company has paid or caused to be paid all other sums payable with respect to the Outstanding Securities and Coupons, if any, of such series (in addition to any required under (q) or (r)); and

(2) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that all conditions precedent herein provided for relating to, as applicable (i) the satisfaction and discharge of the entire indebtedness on all Outstanding Securities and Coupons, if any, of any such series, or (ii) the discharge of the obligations with respect to the Securities of such series set forth in (b) above, have been complied with;

(q) (1) the Company shall have with respect to (a) or (b) above deposited or caused to be deposited irrevocably with the Trustee as a trust fund specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities and Coupons, if any, of such series (i) money in an amount (in such currency, currencies or currency unit or units in which any Outstanding Securities and Coupons, if any, of such series are payable) or (ii) in the case of Securities and Coupons, if any, denominated in Dollars, U.S. Government Obligations (as defined below) or, in the case of Securities and Coupons, if any, denominated in a Foreign Currency, Foreign Government Securities (as defined below), which through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal (including any premium) and interest, if any, under the Securities and Coupons, if any, of such series, money in an amount or (iii) a combination of (i) and (ii), sufficient (in the opinion with respect to (ii) and (iii) of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee) to pay and discharge each installment of principal of (including any premium), and interest, if any, on, the Outstanding Securities and Coupons, if any, of such series on the dates such installments of interest or principal (including any premium) are due, in the currency, currencies or currency unit or units, in which such Securities and Coupons, if any, are payable;

(2) (i) no Event of Default or event (including such deposit) which with notice or lapse of time would become an Event of Default shall have occurred and be continuing on the date of such deposit, (ii) no Event of Default as defined in clause (5) or (6) of Section 5.01, or event which with notice or lapse of time or both would become an Event of Default under either such clause, shall have occurred within 90 days after the date of such deposit and (iii) such deposit and the related intended consequence under (a) or (b) will not result in any default or event of default under any material indenture, agreement or other instrument binding upon the Company or any Subsidiary or any of their properties; and

(3) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that Holders of the Securities and Coupons, if any, of such series will not recognize income, gain or loss for Federal income tax purposes as a result of the

Company's exercise of its option under this Section 4.03 and will be subject to Federal income tax in the same amount, in the same manner and at the same times as would have been the case if such option had not been exercised;

(r) the Company has properly fulfilled such other means of satisfaction and discharge as is specified, as contemplated by Section 3.01, to be applicable to the Securities and Coupons, if any, of such series.

Any deposits with the Trustee referred to in clause (q) (1) above will be made under the terms of an escrow trust agreement in form satisfactory to the Trustee. If any Outstanding Securities and Coupons, if any, of such series are to be redeemed prior to their Stated Maturity, whether pursuant to any mandatory redemption provisions or in accordance with any mandatory sinking fund requirement, the applicable escrow trust agreement will provide therefor and the Company will make arrangements for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

SECTION 4.04. Reinstatement. If the Trustee is unable to apply

any money, U.S. Government Obligations or Foreign Government Securities in accordance with Section 4.01 or 4.03 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Securities and Coupons, if any, of such series shall be revived and reinstated as though no deposit had occurred pursuant to Section 4.01 or 4.03 until such time as the Trustee is permitted to apply all such money, U.S. Government Obligations or Foreign Government Securities in accordance with Section 4.01 or 4.03; provided, however, that if

the Company has made any payment of interest on or principal of (and premium, if any) any Securities and Coupons, if any, of such series because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such series of Securities and Coupons, if any, to receive such payment from the money, U.S. Government Obligations or Foreign Government Securities held by the Trustee.

SECTION 4.05. Definitions. The following terms, as used in this

Article Four, shall have the following meanings:

"Discharged" means that the Company will be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Securities and Coupons, if any, of the series as to which this Section is specified as applicable as aforesaid and to have satisfied all the obligations under this Indenture relating to the Securities and Coupons, if any, of such series (and the Trustee, at the expense of the Company, will execute proper instruments acknowledging the same), except (A) the rights of Holders thereof to receive, from the trust fund described in clause (q) (1) above, payment of the principal of (premium, if any) and the interest, if any, on such Securities and Coupons, if any, when such payments are due, (B) the Company's obligations with respect to such Securities and Coupons, if any, under Sections 3.05 and 3.06 (insofar as applicable to Securities of such series), 4.02, 10.02 and 10.03 (last paragraph only) and the Company's obligations to the Trustee under Sections 6.07 and 6.10, (C) the rights of Holders of Securities of any series with respect to the currency or currency units in which they are to receive payments of principal, premium, if any, and interest and (D) the rights, powers, trusts, duties and immunities of the Trustee hereunder, will survive such

discharge. The Company will reimburse the trust fund for any loss suffered by it as a result of any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or Foreign Government Securities, as the case may be, or any principal or interest paid on such obligations, and, subject to the provisions of Section 6.07, will indemnify the Trustee against any claims made against the Trustee in connection with any such loss.

"Foreign Government Securities" means, with respect to Securities and Coupons, if any, of any series that are denominated in a Foreign Currency, securities that are (i) direct obligations of the government that issued or caused to be issued such currency for the payment of which obligations its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of such government the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof.

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States of America, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specified payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

ARTICLE FIVE

Remedies -----

SECTION 5.01. Events of Default. "Event of Default", wherever -----

used herein with respect to Securities of any series, means any one of the following events (whatever the reason for such Event of Default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body), unless it is either inapplicable to a particular series or it is specifically deleted or modified in or pursuant to the supplemental indenture or Board Resolution establishing such series of Securities or in the form of Security for such series:

(1) default in the payment of any interest upon any Security of that series when it becomes due and payable, and continuance of such default for a period of 30 days; or

(2) default in the payment of the principal of (or premium, if any, on) any Security of that series at its Maturity; or

(3) default in the deposit of any sinking fund payment, when and as due by the terms of a Security of that series, and continuance of such default for a period of 30 days; or

(4) default in the performance, or breach, of any covenant or warranty of the Company in this Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in this Section specifically dealt with or which has expressly been included in this Indenture solely for the benefit of a series of Securities other than that series) and continuance of such default or breach for a period of 60 days after there has been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of that series a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(5) the entry by a court having jurisdiction in the premises of (A) a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or (B) a decree or order adjudging the Company a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Company under any applicable Federal or State law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 90 consecutive days; or

(6) the commencement by the Company of a voluntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Company in an involuntary case or proceeding under any applicable Federal or State bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or State law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Company or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action; or

(7) any other Event of Default provided with respect to Securities of that series.

SECTION 5.02. Acceleration of Maturity; Rescission and

Annulment. If an Event of Default with respect to Securities of any series at

the time Outstanding occurs and is

continuing, then in every such case the Trustee or the Holders of not less than 25% in principal amount of the Outstanding Securities of that series may declare the principal amount of all of the Securities of that series to be due and payable immediately, by a notice in writing to the Company (and to the Trustee if given by Holders) and upon any such declaration such principal amount (or specified amount) shall become immediately due and payable.

At any time after such a declaration of acceleration with respect to Securities of any series has been made and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of a majority in principal amount of the Outstanding Securities of that series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue interest on all Securities of that series,

(B) the principal of (and premium, if any, on) any Securities of that series which have become due otherwise than by such declaration of acceleration and, to the extent that payment of such interest is lawful, interest thereon at the rate or rates prescribed therefor in such Securities,

(C) to the extent that payment of such interest is lawful, interest upon overdue interest at the rate or rates prescribed therefor in such Securities, and

(D) in Dollars all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due the Trustee under Section 6.07;

and

(2) all Events of Default with respect to Securities of that series, other than the nonpayment of the principal of Securities of that series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 5.13. No such rescission shall affect any subsequent default or impair any right consequent thereon.

SECTION 5.03. Collection of Indebtedness and Suits for Enforcement by

Trustee. The Company covenants that if

(1) default is made in the payment of any interest on any Security or Coupon when such interest becomes due and payable and such default continues for the period of grace provided for with respect to such Security,

(2) default is made in the payment of the principal of (or premium, if any, on) any Security at the Maturity thereof, or

(3) default is made in the deposit of any sinking fund payment, when and as due by the terms of a Security,

the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of such Securities and Coupons, if any, the whole amount then due and payable on such Securities and Coupons, if any, for principal (and premium, if any) and interest and, to the extent that payment of such interest shall be legally enforceable, interest on any overdue principal (and premium, if any) and on any overdue interest, at the rate or rates prescribed therefor in such Securities and Coupons, if any, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due the Trustee under Section 6.07.

If the Company fails to pay such amounts forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same against the Company or any other obligor upon such Securities and Coupons, if any, and collect the moneys adjudged or decreed to be payable in the manner provided by law out of the property of the Company or any other obligor upon such Securities and Coupons, if any, wherever situated.

If an Event of Default with respect to Securities and Coupons, if any, of any series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Holders of such series by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

SECTION 5.04. Trustee May File Proofs of Claim. In case of the pendency

of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Company or any other obligor upon the Securities or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Securities shall then be due and payable as therein expressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, by intervention in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal (and premium, if any) and interest owing and unpaid in respect of the Securities and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due the Trustee under Section 6.07) and of the Holders allowed in such judicial proceeding, and

(ii) to collect and receive any moneys or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 6.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Securities or the rights of any Holder thereof or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 5.05. Trustee May Enforce Claims Without Possession of

Securities. All rights of action and claims under this Indenture or the

Securities or Coupons, if any, may be prosecuted and enforced by the Trustee without the possession of any of the Securities or Coupons or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and all other amounts due the Trustee under Section 6.07, be for the ratable benefit of the Holders of the Securities and Coupons, if any, in respect of which such judgment has been recovered.

SECTION 5.06. Application of Money Collected. Any money collected by

the Trustee pursuant to this Article shall be applied in the following order, at the date or dates fixed by the Trustee and, in case of the distribution of such money on account of principal (or premium, if any) or interest, upon presentation of the Securities and the notation thereon of the payment if only partially paid and upon surrender thereof if fully paid:

FIRST: to the payment of all amounts due the Trustee under Section 6.07;

SECOND: to the payment of the amounts then due and unpaid for principal of (and premium, if any) and interest on the Securities in respect of which or for the benefit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on such Securities for principal (and premium, if any) and interest, respectively; and

THIRD: the balance, if any, to the Person or Persons entitled thereto.

SECTION 5.07. Limitation on Suits. No Holder of any series shall have

any right to institute any proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) an Event of Default with respect to Securities of such series shall have occurred and be continuing and such Holder has previously given written notice to the Trustee of such continuing Event of Default;

(2) the Holders of not less than 25% in principal amount of the Outstanding Securities of that series shall have made written request to the Trustee to institute proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60-day period by the Holders of a majority in principal amount of the Outstanding Securities of that series;

it being understood and intended that no one or more of such Holders shall have any right in any manner whatever by virtue of, or by availing of, any provision of this Indenture (including without limitation the provisions of Section 5.12) to affect, disturb or prejudice the rights of any other of such Holders, or to obtain or to seek to obtain priority or preference over any other of such Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all of such Holders.

SECTION 5.08. Unconditional Right of Holders to Receive

Principal Premium and Interest. Notwithstanding any other provision in this

Indenture, the Holder of any Security or any Coupon shall have the right, which is absolute and unconditional, to receive payment of the principal of (and premium, if any) and (subject to Section 3.07) interest on such Security or Coupon on the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on the Redemption Date) and to institute suit for the enforcement of any such payment, and such rights shall not be impaired without the consent of such Holder.

SECTION 5.09. Restoration of Rights and Remedies. If the

Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

SECTION 5.10. Rights and Remedies Cumulative. Except as

otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities in the last paragraph of Section 3.06, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

SECTION 5.11. Delay or Omission Not Waiver. No delay or

omission of the Trustee or of any Holder of any Securities to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

SECTION 5.12. Control by Holders. The Holders of not less

than a majority in principal amount of the Outstanding Securities of any series shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, with respect to the Securities of such series; provided that

(1) such direction shall not be in conflict with any rule of law or with this Indenture,

(2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and

(3) subject to the provisions of Section 6.01, the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall, by a Responsible Officer or Officers of the Trustee, determine that the action so directed would involve the Trustee in personal liability.

SECTION 5.13. Waiver of Past Defaults. The Holders of not

less than a majority in principal amount of the Outstanding Securities of any series may on behalf of the Holders of all the Securities of such series waive any past default hereunder with respect to such series and its consequences, except a default

(1) in the payment of the principal of (or premium, if any) or interest on any Security of such series, or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each outstanding Security of such series affected.

Upon any such waiver, such default shall cease to exist with respect to such series, and any Event of Default with respect to such series arising therefrom shall be deemed to have been cured, for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 5.14. Undertaking for Costs. All parties to this

Indenture agree, and each Holder by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or

defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Company, to any suit instituted by the Trustee, to any suit instituted by any Holder, or group of Holders, holding in the aggregate more than 10% in principal amount of the Outstanding Securities of any series, or to any suit instituted by any Holder for the enforcement of the payment of the principal of (or premium, if any) or interest on any Security or the payment of any Coupon on or after the Stated Maturity or Maturities expressed in such Security (or, in the case of redemption, on or after the Redemption Date).

SECTION 5.15. Waiver of Stay or Extension Laws. The Company

covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE SIX

The Trustee

SECTION 6.01. Certain Duties and Responsibilities. (a) Except

during the continuance of an Event of Default with respect to any series:

(1) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case an Event of Default has occurred and is continuing with respect to any series, the Trustee shall exercise such of the rights and powers vested in it by this Indenture with respect to such series, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(1) this Subsection shall not be construed to limit the effect of Subsection (a) of this Section;

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(3) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Securities of any series, given pursuant to Section 5.12, relating to 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, under this Indenture with respect to the Securities of such series; and

(4) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 6.02. Notice of Defaults. Within 90 days after the

occurrence of any default hereunder with respect to the Securities of any series, the Trustee shall transmit notice of such default hereunder known to the Trustee to the Holders of such Securities as provided in Section 7.03(d), unless such default shall have been cured or waived; provided, however, that, except in

the case of a default in the payment of the principal of (or premium, if any) or interest on any Security of such series or in the payment of any sinking fund installment with respect to Securities of such series, the Trustee shall be protected in withholding such notice if and so long as the board of directors, the executive committee or a trust committee of directors or Responsible Officers of the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders of Securities of such series; provided

further, that in the case of any default of the character specified in Section

5.01(4) with respect to Securities of such series, no such notice to Holders shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default with respect to Securities of such series.

SECTION 6.03. Certain Rights of Trustee. Subject to the

provisions of Section 6.01:

(a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officers' Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders pursuant to this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation it shall be entitled to examine the books, records and premises of the Company, personally or by agent or attorney;

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder; and

(h) the Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture.

SECTION 6.04. Not Responsible for Recitals or Issuance of

Securities. The recitals contained herein and in the Securities, except the

Trustee's certificates of authentication, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. Neither the Trustee nor any Authenticating Agent shall be accountable for the use or application by the Company of Securities or the proceeds thereof.

SECTION 6.05. May Hold Securities. The Trustee, any

Authenticating Agent, any Paying Agent, any Security Registrar or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Securities or warrants to purchase Securities and, subject to Sections 6.08 and 6.13, may otherwise deal with the Company with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

SECTION 6.06. Money Held in Trust. Except as provided in

Section 1.14, money held by the Trustee or any Paying Agent in trust hereunder need not be segregated from other funds except to the extent required by law. The Trustee or any Paying Agent shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

SECTION 6.07. Compensation and Reimbursement. The Company

agrees

(1) to pay to the Trustee from time to time in Dollars reasonable compensation for all services rendered by it hereunder (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(2) except as otherwise expressly provided herein, to reimburse the Trustee in Dollars upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of its agents and counsel) except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(3) to indemnify the Trustee in Dollars for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

As security for the performance of the obligations of the Company under this Section the Trustee shall have a lien prior to the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the payment of principal of, premium, if any, or interest, if any, on particular Securities.

SECTION 6.08. Disqualification; Conflicting Interests. (a) If

the Trustee has or shall acquire any conflicting interest, as defined in this Section, with respect to the Securities and Coupons, if any, of any series, it shall, within 90 days after ascertaining that it has such conflicting interest, either eliminate such conflicting interest or resign with respect to the Securities and Coupons, if any, of that series in the manner and with the effect hereinafter specified in this Article.

(b) In the event that the Trustee shall fail to comply with the provisions of Subsection (a) of this Section with respect to the Securities of any series, the Trustee shall, within 10 days after the expiration of such 90-day period, transmit notice pursuant to Section 1.06, of such failure, to all Holders of such series.

(c) For the purposes of this Section, the Trustee shall be deemed to have a conflicting interest with respect to the Securities of any series if

(1) the Trustee is trustee under this Indenture with respect to the Outstanding Securities of any series other than that series or is trustee under another indenture under

which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, unless such other indenture is a collateral trust indenture under which the only collateral consists of Securities issued under this Indenture; provided that there shall be excluded from the operation of

this paragraph this Indenture with respect to the Securities of any series other than that series or any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if

(i) this Indenture and such other indenture or indentures are wholly unsecured and such other indenture or indentures are hereafter qualified under the Trust Indenture Act, unless the Commission shall have found and declared by order pursuant to Section 3.05(b) or Section 3.07(c) of the Trust Indenture Act that differences exist between the provisions of this Indenture with respect to Securities of that series and one or more other series or the provisions of such other indenture or indentures which are so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures, or

(ii) the Company shall have sustained the burden of proving, on application to the Commission and after opportunity for hearing thereon, that trusteeship under this Indenture with respect to the Securities of that series and such other series or such other indenture or indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Trustee from acting as such under this Indenture with respect to the Securities of that series and such other series or under such other indenture or indentures;

(2) the Trustee or any of its directors or executive officers is an obligor upon the Securities or an underwriter for the Company;

(3) the Trustee directly or indirectly controls or is directly or indirectly controlled by or is under direct or indirect common control with the Company or an underwriter for the Company;

(4) the Trustee or any of its directors or executive officers is a director, officer partner, employee, appointee or representative of the Company, or of an underwriter (other than the Trustee itself) for the Company who is currently engaged in the business of underwriting, except that (i) one individual may be a director or an executive officer, or both, of the Trustee and a director or an executive officer, or both, of the Company but may not be at the same time an executive officer of both the Trustee and the Company; (ii) if and so long as the number of directors of the Trustee in office is more than nine, one additional individual may be a director or an executive officer, or both, of the Trustee and a director of the Company; and (iii) the Trustee may be designated by the Company or by any underwriter for the Company to act in the capacity of transfer agent, registrar, custodian, paying agent, fiscal agent, escrow agent or depository, or in any other similar

capacity, or, subject to the provisions of paragraph (1) of this Subsection, to act as trustee, whether under an indenture or otherwise;

(5) 10% or more of the voting securities of the Trustee is beneficially owned either by the Company or by any director, partner or executive officer thereof, or 20% or more of such voting securities is beneficially owned, collectively, by any two or more of such persons; or 10% or more of the voting securities of the Trustee is beneficially owned either by an underwriter for the Company or by any director, partner or executive officer thereof, or is beneficially owned, collectively, by any two or more such persons;

(6) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined) (i) 5% or more of the voting securities, or 10% or more of any other class of security, of the Company not including the Securities issued under this Indenture and securities issued under any other indenture under which the Trustee is also trustee, or (ii) 10% or more of any class of security of an underwriter for the Company;

(7) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined) 5% or more of the voting securities of any person who, to the knowledge of the Trustee, owns 10% or more of the voting securities of, or controls directly or indirectly or is under direct or indirect common control with, the Company;

(8) the Trustee is the beneficial owner of, or holds as collateral security for an obligation which is in default (as hereinafter in this Subsection defined), 10% or more of any class of security of any person who, to the knowledge of the Trustee, owns 50% or more of the voting securities of the Company; or

(9) the Trustee owns, on May 15 in any calendar year, in the capacity of executor, administrator, testamentary or inter vivos trustee, guardian, committee or conservator, or in any other similar capacity, an aggregate of 25% or more of the voting securities, or of any class of security, of any person, the beneficial ownership of a specified percentage of which would have constituted a conflicting interest under paragraph (6), (7) or (8) of this Subsection. As to any such securities of which the Trustee acquired ownership through becoming executor, administrator or testamentary trustee of an estate which included them, the provisions of the preceding sentence shall not apply, for a period of two years from the date of such acquisition, to the extent that such securities included in such estate do not exceed 25% of such voting securities or 25% of any such class of security. Promptly after May 15 in each calendar year, the Trustee shall make a check of its holdings of such securities in any of the above-mentioned capacities as of such May 15. If the Company fails to make payment in full of the principal of (or premium, if any) or interest on any of the Securities when and as the same becomes due and payable, and such failure continues for 30 days thereafter, the Trustee shall make a prompt check of its holdings of such securities in any of the above mentioned capacities as of the date of the expiration of such 30-day period, and after such date, notwithstanding the foregoing provisions of this paragraph, all such securities so held by the Trustee, with sole or joint control over such securities vested in it, shall, but

only so long as such failure shall continue, be considered as though beneficially owned by the Trustee for the purposes of paragraphs (6), (7) and (8) of this Subsection.

The specification of percentages in paragraphs (5) to (9), inclusive, of this Subsection shall not be construed as indicating that the ownership of such percentages of the securities of a person is or is not necessary or sufficient to constitute direct or indirect control for the purposes of paragraph (3) or (7) of this Subsection.

For the purposes of paragraphs (6), (7), (8) and (9) of this Subsection only, (i) the terms "security" and "securities" shall include only such securities as are generally known as corporate securities, but shall not include any note or other evidence of indebtedness issued to evidence an obligation to repay moneys lent to a person by one or more banks, trust companies or banking firms, or any certificate of interest or participation in any such note or evidence of indebtedness; (ii) an obligation shall be deemed to be "in default" when a default in payment of principal shall have continued for 30 days or more and shall not have been cured; and (iii) the Trustee shall not be deemed to be the owner or holder of (A) any security which it holds as collateral security, as trustee or otherwise, for an obligation which is not in default as defined in clause (ii) above, or (B) any security which it holds as collateral security under this Indenture, irrespective of any default hereunder, or (C) any security which it holds as agent for collection, or as custodian, escrow agent or depository, or in any similar representative capacity.

(d) For the purposes of this Section:

(1) The term "underwriter", when used with reference to the Company, means every person who, within three years prior to the time as of which the determination is made, has purchased from the Company with a view to, or has offered or sold for the Company in connection with, the distribution of any security of the Company outstanding at such time, or has participated or has had a direct or indirect participation in any such undertaking, or has participated or has had a participation in the direct or indirect underwriting of any such undertaking, but such term shall not include a person whose interest was limited to a commission from an underwriter or dealer not in excess of the usual and customary distributors' or sellers' commission.

(2) The term "director" means any director of a corporation or any individual performing similar functions with respect to any organization, whether incorporated or unincorporated.

(3) The term "person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, an unincorporated organization or a government or political subdivision thereof. As used in this paragraph, the term "trust" shall include only a trust where the interest or interests of the beneficiary or beneficiaries are evidenced by a security.

(4) The term "voting security" means any security presently entitling the owner or holder thereof to vote in the direction or management of the affairs of a person, or any security issued under or pursuant to any trust, agreement or arrangement whereby a trustee or trustees or agent or agents for the owner or holder of such security are presently entitled to vote in the direction or management of the affairs of a person.

(5) The term "Company" means any obligor upon the Securities.

(6) The term "executive officer" means the president, every vice president, every trust officer, the cashier, the secretary and the treasurer of a corporation, and any individual customarily performing similar functions with respect to any organization whether incorporated or unincorporated, but shall not include the chairman of the board of directors.

(e) The percentages of voting securities and other securities specified in this Section shall be calculated in accordance with the following provisions:

(1) A specified percentage of the voting securities of the Trustee, the Company or any other person referred to in this Section (each of whom is referred to as a "person" in this paragraph) means such amount of the outstanding voting securities of such person as entitled the holder or holders thereof to cast such specified percentage of the aggregate votes which the holders of all the outstanding voting securities of such person are entitled to cast in the direction or management of the affairs of such person.

(2) A specified percentage of a class of securities of a person means such percentage of the aggregate amount of securities of the class outstanding.

(3) The term "amount", when used in regard to securities, means the principal amount if relating to evidences of indebtedness, the number of shares if relating to capital shares and the number of units if relating to any other kind of security.

(4) The term "outstanding" means issued and not held by or for the account of the issuer. The following securities shall not be deemed outstanding within the meaning of this definition:

(i) securities of an issuer held in a sinking fund relating to securities of the issuer of the same class;

(ii) securities of an issuer held in a sinking fund relating to another class of securities of the issuer, if the obligation evidenced by such other class of securities is not in default as to principal or interest or otherwise;

(iii) securities pledged by the issuer thereof as security for an obligation of the issuer not in default as to principal or interest or otherwise; and

(iv) securities held in escrow if placed in escrow by the issuer thereof;

provided, however, that any voting securities of an issuer shall be

deemed outstanding if any person other than the issuer is entitled to exercise the voting rights thereof.

(5) A security shall be deemed to be of the same class as another security if both securities confer upon the holder or holders thereof substantially the same rights and privileges; provided,

however, that, in the case of secured evidences of indebtedness, all

of which are issued under a single indenture, differences in the interest rates or maturity dates of various series thereof shall not be deemed sufficient to constitute such series different classes; and provided further that, in the case of unsecured evidences of ----- indebtedness, differences in the interest rates or maturity dates thereof shall not be deemed sufficient to constitute them securities of different classes, whether or not they are issued under a single indenture.

SECTION 6.09. Corporate Trustee Required; Eligibility. There -----

shall at all times be a Trustee hereunder which shall be a Corporation organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least \$50,000,000, subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

SECTION 6.10. Resignation and Removal; Appointment of -----

Successor. (a) No resignation or removal of the Trustee and no appointment of a ----- successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee in accordance with the applicable requirements of Section 6.11.

(b) The Trustee may resign at any time with respect to the Securities of one or more series by giving written notice thereof to the Company. If the instrument of acceptance by a successor Trustee required by Section 6.11 shall not have been delivered to the resigning Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee with respect to the Securities of such series.

(c) The Trustee may be removed at any time with respect to the Securities of any series by Act of the Holders of a majority in principal amount of the outstanding Securities of such series, delivered to the Trustee and to the Company.

(d) If at any time:

(1) the Trustee shall fail to comply with Section 6.08(a) after written request therefor by the Company or by any Holder who has been a bona fide Holder of a Security for at least six months, or

(2) the Trustee for a series shall cease to be eligible under Section 6.09 and shall fail to resign after written request therefor by the Company or by any Holder of Securities of such series, or

(3) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or

any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee with respect to all Securities, or (ii) subject to Section 5.14, any Holder who has been a bona fide Holder of a Security 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 the Trustee with respect to all Securities and the appointment of a successor Trustee or Trustees.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause, with respect to the Securities of one or more series, the Company shall promptly appoint a successor Trustee or Trustees with respect to the Securities of that or those series (it being understood that any such successor Trustee may be appointed with respect to the Securities of one or more or all of such series and that at any time there shall be only one Trustee with respect to the Securities of any particular series) and shall comply with the applicable requirements of Section 6.11. If, within one year after such resignation, removal or incapability, or the occurrence of such vacancy, a successor Trustee with respect to the Securities of any series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Securities of such series delivered to the Company and the retiring Trustee, the successor Trust so appointed shall, forthwith upon its acceptance of such appointment in accordance with the applicable requirements of Section 6.11, become the successor Trustee with respect to the Securities of such series and to that extent supersede the successor Trustee appointed by the Company. If no successor Trustee with respect to the Securities of any series shall have been so appointed by the Company or the Holders and accepted appointment in the manner required by Section 6.11, any Holder who has been a bona fide Holder of a Security 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 appointment of a successor Trustee with respect to the Securities of such series.

(f) The Company shall give notice of each resignation and each removal of the Trustee with respect to the Securities of any series and each appointment of a successor Trustee with respect to the Securities of any series by giving notice of such event to all Holders of Securities of such series as provided by Section 1.06. Each notice shall include the name of the successor Trustee with respect to the Securities of such series and the address of its Corporate Trust Office.

SECTION 6.11. Acceptance of Appointment by Successor. (a) In

case of the appointment hereunder of a successor Trustee with respect to all Securities, every such successor Trustee so appointed shall execute, acknowledge and deliver to the Company and to the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on the request of the Company or the successor Trustee, such retiring Trustee shall, upon payment of its charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder.

(b) In case of the appointment hereunder of a successor Trustee with respect to the Securities of one or more (but not all) series, the Company, the retiring Trustee and each successor Trustee with respect to the Securities of one or more series shall execute and deliver an indenture supplemental hereto wherein each successor Trustee shall accept such appointment and which (1) shall contain such provisions as shall be necessary or desirable to transfer and confirm to, and to vest in, each successor Trustee all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates, (2) if the retiring Trustee is not retiring with respect to all Securities, shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series as to which the retiring Trustee is not retiring shall continue to be vested in the retiring Trustee, and (3) shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such Trustees cotrustees of the same trust and that each such Trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such Trustee; and upon the execution and delivery of such supplemental indenture the resignation or removal of the retiring Trustee shall become effective to the extent provided therein and each such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee with respect to the Securities of that or those series to which the appointment of such successor Trustee relates; but, on request of the Company or any successor Trustee, such retiring Trustee shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder with respect to the Securities of that or those series to which the appointment of such successor Trustee relates.

(c) Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts referred to in paragraph (a) or (b) of this Section, as the case may be.

(d) No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be qualified and eligible under this Article.

SECTION 6.12. Merger, Conversion, Consolidation or Succession

to Business. Any corporation into which the Trustee may be merged or converted

or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Securities shall have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Securities.

SECTION 6.13. Preferential Collection of Claims Against

Company. (a) Subject to Subsection (b) of this Section, if the Trustee shall be

or shall become a creditor, directly or

indirectly, secured or unsecured, of the Company within four months prior to a default, as defined in Subsection (c) of this Section, or subsequent to such a default, then, unless and until such default shall be cured, the Trustee shall set apart and hold in a special account for the benefit of the Trustee individually, the Holders of the Securities and Coupons, if any, and the holders of other indenture securities, as defined in Subsection (c) of this Section:

(1) an amount equal to any and all reductions in the amount due and owing upon any claim as such creditor in respect of principal or interest, effected after the beginning of such four-month period and valid as against the Company and its other creditors, except any such reduction resulting from the receipt or disposition of any property described in paragraph (2) of this Subsection, or from the exercise of any right of set-off which the Trustee could have exercised if a petition in bankruptcy had been filed by or against the Company upon the date of such default; and

(2) all property received by the Trustee in respect of any claims as such creditor, either as security therefor, or in satisfaction or composition thereof, or otherwise, after the beginning of such four-month period, or an amount equal to the proceeds of any such property, if disposed of, subject, however, to the rights, if any, -----
of the Company and its other creditors in such property or such proceeds.

Nothing herein contained, however, shall affect the right of the Trustee:

(A) to retain for its own account (i) payments made on account of any such claim by any Person (other than the Company) who is liable thereon, and (ii) the proceeds of the bona fide sale of any such claim by the Trustee to a third Person, and (iii) distributions made in cash, securities or other property in respect of claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law;

(B) to realize, for its own account, upon any property held by it as security for any such claim, if such property was so held prior to the beginning of such four-month period;

(C) to realize, for its own account, but only to the extent of the claim hereinafter mentioned, upon any property held by it as security for any such claim, if such claim was created after the beginning of such four-month period and such property was received as security therefor simultaneously with the creation thereof, and if the Trustee shall sustain the burden of proving that at the time such property was so received the Trustee had no reasonable cause to believe that a default, as defined in Subsection (c) of this Section, would occur within four months; or

(D) to receive payment on any claim referred to in paragraph (B) or (C), against the release of any property held as security for such claim as provided in paragraph (B) or (C) as the case may be, to the extent of the fair value of such property.

For the purposes of paragraphs (B), (C) and (D), property substituted after the beginning of such four-month period for property held as security at the time of such substitution shall, to the extent of the fair value of the property released, have the same status as the property

released, and, to the extent that any claim referred to in any of such paragraphs is created in renewal of or in substitution for or for the purpose of repaying or refunding any pre-existing claim of the Trustee as such creditor, such claim shall have the same status as such pre-existing claim.

If the Trustee shall be required to account, the funds and property held in such special account and the proceeds thereof shall be apportioned among the Trustee, the Holders and the holders of other indenture securities in such manner that the Trustee, the Holders and the holders of other indenture securities realize, as a result of payments from such special account and payments of dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, the same percentage of their respective claims, figured before crediting to the claim of the Trustee anything on account of the receipt by it from the Company of the funds and property in such special account and before crediting to the respective claims of the Trustee and the Holders and the holders of other indenture securities dividends on claims filed against the Company in bankruptcy or receivership or in proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, but after crediting thereon receipts on account of the indebtedness represented by their respective claims from all sources other than from such dividends and from the funds and property so held in such special account. As used in this paragraph, with respect to any claim, the term "dividends" shall include any distribution with respect to such claim, in bankruptcy or receivership or proceedings for reorganization pursuant to the Federal Bankruptcy Act or applicable State law, whether such distribution is made in cash, securities or other property, but shall not include any such distribution with respect to the secured portion, if any, of such claim. The court in which such bankruptcy, receivership or proceedings for reorganization is pending shall have jurisdiction (i) to apportion among the Trustee, the Holders and the holders of other indenture securities, in accordance with the provisions of this paragraph, the funds and property held in such special account and proceeds thereof, or (ii) in lieu of such apportionment, in whole or in part, to give to the provisions of this paragraph due consideration in determining the fairness of the distributions to be made to the Trustee and the Holders and the holders of other indenture securities with respect to their respective claims, in which event it shall not be necessary to liquidate or to appraise the value of any securities or other property held in such special account or as security for any such claim, or to make a specific allocation of such distributions as between the secured and unsecured portions of such claims, or otherwise to apply the provisions of this paragraph as a mathematical formula.

Any Trustee which has resigned or been removed after the beginning of such four-month period shall be subject to the provisions of this Subsection as though such resignation or removal had not occurred. If any Trustee has resigned or been removed prior to the beginning of such four-month period, it shall be subject to the provisions of this Subsection if and only if the following conditions exist:

(i) the receipt of property or reduction of claim, which would have given rise to the obligations to account, if such Trustee had continued as Trustee, occurred after the beginning of such four-month period; and

(ii) such receipt of property or reduction of claim occurred within four months after such resignation or removal.

(b) There shall be excluded from the operation of Subsection (a) of this Section a creditor relationship arising from:

(1) the ownership or acquisition of securities issued under any indenture, or any security or securities having a maturity of one year or more at the time of acquisition by the Trustee;

(2) advances authorized by a receivership or bankruptcy court of competent jurisdiction or by this Indenture, for the purpose of preserving any property which shall at any time be subject to the lien of this Indenture or of discharging tax liens or other prior liens or encumbrances thereon, if notice of such advances and of the circumstances surrounding the making thereof is given to the Holders at the time and in the manner provided in this Indenture;

(3) disbursements made in the ordinary course of business in the capacity of trustee under an indenture, transfer agent, registrar, custodian, paying agent, fiscal agent or depository, or other similar capacity;

(4) an indebtedness created as a result of services rendered or premises rented; or an indebtedness created as a result of goods or securities sold in a cash transaction, as defined in Subsection (c) of this Section;

(5) the ownership of stock or of other securities of a corporation organized under the provisions of Section 25(a) of the Federal Reserve Act, as amended, which is directly or indirectly a creditor of the Company; and

(6) the acquisition, ownership, acceptance or negotiation of any drafts, bills of exchange, acceptances or obligations which fall within the classification of self-liquidating paper, as defined in Subsection (c) of this Section.

(c) For the purposes of this Section only:

(1) the term "default" means any failure to make payment in full of the principal of (or premium, if any) or interest on any of the Securities or upon the other indenture securities when and as such principal or interest becomes due and payable;

(2) the term "other indenture securities" means securities upon which the Company is an obligor outstanding under any other indenture (i) under which the Trustee is also trustee, (ii) which contains provisions substantially similar to the provisions of this Section and (iii) under which a default exists at the time of the apportionment of the funds and property held in such special account;

(3) the term "cash transaction" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand;

(4) the term "self-liquidating paper" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred by the Company for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security; provided the security

is received by the Trustee simultaneously with the creation of the creditor relationship with the Company arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation;

(5) the term "Company" means any obligor upon the Securities;
and

(6) the term "Federal Bankruptcy Act" means the Bankruptcy Act or Title II of the United States Code.

SECTION 6.14. Appointment of Authenticating Agent. The Trustee

may appoint an Authenticating Agent or Agents with respect to one or more series of Securities which shall be authorized to act on behalf of the Trustee to authenticate Securities of such series issued upon original issue or upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.06, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Securities by the Trustee or the Trustee's certificate of authentication or the delivery of Securities to the Trustee for authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent and delivery of Securities to the Authenticating Agent on behalf of the Trustee. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation having a combined capital and surplus of not less than the equivalent of \$50,000,000 and subject to supervision or examination by Federal or State authority or the equivalent foreign authority, in the case of an Authenticating Agent who is not organized and doing business under the laws of the United States of America, any State thereof or the District of Columbia. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the requirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticated Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of such Authenticating Agent, shall continue to be an Authenticating Agent; provided such corporation shall be

otherwise eligible under this Section, without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Registered Securities, if any, of the series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

The Company agrees to pay to each Authenticating Agent from time to time reasonable compensation for its services under this Section.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternative certificate of authentication in the following form:

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

[full name of Trustee]

As Trustee

By _____
As Authenticating Agent

By _____
Authorized Officer

If all of the Securities of a series may not be originally issued at one time, and if the Trustee does not have an office capable of authenticating Securities upon original issuance located in a Place of Payment or other place where the Company wishes to have Securities of such series authenticated upon original issuance, the Trustee, if so requested by the Company in writing (which writing need not comply with Section 1.02 and need not be accompanied by an Opinion of Counsel), shall appoint in accordance with this Section an Authenticating Agent (which may be an Affiliate of the Company if eligible to be appointed as an Authenticating Agent hereunder) having an office in such Place of Payment or other place designated by the Company with respect to such series of Securities, provided that the procedures for the authentication of such Securities by the Authenticating Agent on original issuance are acceptable to the Trustee.

ARTICLE SEVEN

Holders' Lists and Reports by Trustee and Company

SECTION 7.01. Company to Furnish Trustee Names and Addresses of Holders.

The Company will furnish or cause to be furnished to the Trustee:

(a) semiannually, not later than each Interest Payment Date in each year, a list, in such form as the Trustee may reasonably require, of the names and addresses of the Holders of each series of Registered Securities as of the preceding Regular Record Date, as the case may be, and

(b) at such other times as the Trustee may request in writing, within 30 days after the receipt by the Company of any such request, a list of similar form and content, such list to be dated as of a date not more than 15 days prior to the time such list is furnished, and

(c) such information concerning the Holders of Bearer Securities which is known to the Company; provided, however, that the Company shall

have no obligation to investigate any matter relating to any Holder of a Bearer Security or a Coupon:

notwithstanding the foregoing subsections (a) and (b), so long as the Trustee is the Security Registrar with respect to a particular series of Securities, no such list shall be required to be furnished in respect of such series.

SECTION 7.02. Preservation of Information; Communications to Holders.

(a) The Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders of each series (i) contained in the most recent list furnished to the Trustee as provided in Section 7.01, (ii) received by the Trustee in its capacity as Security Registrar and (iii) filed with it within the two preceding years pursuant to Section 7.03(d). The Trustee may destroy any list furnished to it as provided in Section 7.01 upon receipt of a new list so furnished.

(b) If three or more Holders of any series (herein referred to as "applicants") apply in writing to the Trustee, and furnish to the Trustee reasonable proof that each such applicant has owned a Security of such series for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders of such series with respect to their rights under this Indenture or under such Securities and is accompanied by a copy of the form of proxy or other communication which such applicants propose to transmit, then the Trustee shall, within five business days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Trustee in accordance with Section 7.02(a), or

(ii) inform such applicants as to the approximate number of Holders of Securities of such series whose names and addresses appear in the information preserved at the time by the Trustee in accordance with Section 7.02(a), and as to the approximate

cost of mailing to such Holders the form of proxy or other communication, if any, specified in such application.

If the Trustee shall elect not to afford such applicants access to such information, the Trustee shall, upon the written request of such applicants, mail to each Holder of Securities of such series whose name and address appear in the information preserved at the time by the Trustee in accordance with Section 7.02(a) a copy of the form of proxy or other communication which is specified in such request, with reasonable promptness after a tender to the Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing, unless within five days after such tender the Trustee shall mail to such applicants and file with the Commission, together with a copy of the material to be mailed, a written statement to the effect that, in the opinion of the Trustee, such mailing would be contrary to the best interest of the Holders of such series or would be in violation of applicable law. Such written statement shall specify the basis of such opinion. If the Commission, after opportunity for a hearing upon the objections specified in the written statement so filed, shall enter an order refusing to sustain any of such objections or if, after the entry of an order sustaining one or more of such objections, the Commission shall find, after notice and opportunity for hearing, that all the objections so sustained have been met and shall enter an order so declaring, the Trustee shall mail copies of such material to all such Holders with reasonable promptness after the entry of such order and the renewal of such tender; otherwise the Trustee shall be relieved of any obligation or duty to such applicants respecting their application.

(c) Every Holder of Securities or Coupons, by receiving and holding the same, agrees with the Company and the Trustee that neither the Company nor the Trustee nor any agent of either of them shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with Section 7.02(b), regardless of the source from which such information was derived, and that the Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under Section 7.02(b).

SECTION 7.03. Reports by Trustee. (a) Within 60 days after

June 1 of each year following the first issuance of Securities, the Trustee shall transmit to the Holders as provided in Section 7.03(d), a brief report dated as of such date with respect to:

(1) its eligibility under Section 6.09 and its qualifications under Section 6.08, or in lieu thereof, if to the best of its knowledge it has continued to be eligible and qualified under said Sections, a written statement to such effect;

(2) the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) which remain unpaid on the date of such report, and for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on any property or funds held or collected by it as Trustee, except that the Trustee shall not be required (but may elect) to report such advances if such advances so remaining unpaid aggregate not more than 1/2 of 1% of the principal amount of the Securities Outstanding on the date of such report;

(3) the amount, interest rate and maturity date of all other indebtedness owing by the Company (or by any other obligor on the Securities) to the Trustee in its

individual capacity, on the date of such report, with a brief description of any property held as collateral security therefor, except an indebtedness based upon a creditor relationship arising in any manner described in Section 6.13(b)(2), (3), (4) or (6);

(4) the property and funds, if any, physically in the possession of the Trustee (as such) on the date of such report;

(5) any additional issue of Securities which the Trustee has not previously reported; and

(6) any action taken by the Trustee in the performance of its duties hereunder which it has not previously reported and which in its opinion materially affects the Securities, except action in respect of a default, notice of which has been or is to be withheld by the Trustee in accordance with Section 6.02.

(b) The Trustee shall transmit by mail to Holders in accordance with Section 7.03(d), a brief report with respect to the character and amount of any advances (and if the Trustee elects so to state, the circumstances surrounding the making thereof) made by the Trustee (as such) since the date of the last report transmitted pursuant to Subsection (a) of this Section (or if no such report has yet been so transmitted, since the date of execution of this instrument) for the reimbursement of which it claims or may claim a lien or charge, prior to that of the Securities, on property or funds held or collected by it as Trustee and which it has not previously reported pursuant to this Subsection, except that the Trustee shall not be required (but may elect) to report such advances if such advances remaining unpaid at any time aggregate 10% or less of the principal amount of the Securities Outstanding at such time, such report to be transmitted within 90 days after such time.

(c) A copy of each such report shall, at the time of such transmission to Holders, be filed by the Trustee with each stock exchange upon which any Securities are listed, with the Commission and with the Company. The Company will notify the Trustee when any Securities are listed on any stock exchange.

(d) Reports pursuant to Section 7.03(a) and 7.03(b) shall be transmitted by mail (i) to all Holders, as their names and addresses appear in the Security Register, (ii) to all Holders as have, within two years preceding such transmission, filed their names and addresses with the Trustee for such purpose, and (iii) except in the case of reports pursuant to Section 7.03(b), to all

Holders whose names and addresses have been furnished or received by the Trustee pursuant to Sections 7.01 and 7.02.

SECTION 7.04. Reports by Company. The Company shall:

(1) file with the Trustee, within 15 days after the Company is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Company may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934; or, if the Company is not required to file information, documents or reports pursuant to either of said Sections, then it shall file

with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Securities Exchange Act of 1934 in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations;

(2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such additional information, documents and reports with respect to compliance by the Company with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations; and

(3) transmit by mail to Holders of Securities, in accordance with Section 7.03(d), within 30 days after the filing thereof with the Trustee, such summaries of any information, documents and reports required to be filed by the Company pursuant to paragraphs (1) and (2) of this Section as may be required by rules and regulations prescribed from time to time by the Commission.

ARTICLE EIGHT

Consolidation, Merger, Sale or Conveyance -----

SECTION 8.01. Company May Consolidate, etc., Only on Certain -----

Terms. The Company shall not consolidate with or merge into any other

corporation or convey or transfer its properties and assets substantially as an entirety to any entity (other than a Wholly Owned Subsidiary (as defined below) except in the event that a Wholly Owned Subsidiary is the surviving corporation in a consolidation or merger) unless: (i) the corporation formed by such consolidation or into which the Company is merged or the entity which acquires by conveyance or transfer the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States of America or any State or the District of Columbia, and shall expressly assume, by an indenture supplemental hereto, executed and

delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed; (ii) immediately after giving effect to such transaction, no Event of Default and no event which, after notice or lapse of time, or both, would become an Event of Default, shall have happened and be continuing; and (iii) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel each stating that such consolidation, merger, conveyance or transfer and such supplemental indenture comply with this Article and that all conditions precedent herein provided for relating to such transaction have been complied with. The term "Wholly Owned Subsidiary" means any Subsidiary all the stock of every class of which (other than directors' qualifying shares) is owned by the Company either directly or through one or more Wholly Owned Subsidiaries.

SECTION 8.02. Rights and Duties of Successor Corporation. In -----

case of any such consolidation, merger, sale or conveyance and upon any such assumption by the successor

authorized denominations; provided that any such addition or change

shall not adversely affect the interests of the Holders of Securities of any series or any related Coupons in any material respect;

(5) to change or eliminate any of the provisions of this Indenture; provided that any such change or elimination shall become effective only when there is no Security outstanding of any series created prior to the execution of such supplemental indenture which is adversely affected by such change in or elimination of such provision;

(6) to establish the form or terms of Securities of any series as permitted by Sections 2.01 and 3.01;

(7) to evidence and provide for the acceptance of appointment hereunder by a successor Trustee with respect to the Securities of one or more series and to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one Trustee, pursuant to the requirements of Section 6.11(b);

(8) if allowed under applicable laws and regulations to permit payment in the United States of America (including any of the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction, of principal, premium or interest on Bearer Securities or Coupons, if any;

(9) to provide for the issuance of uncertificated Securities of one or more series in addition to or in place of certificated Securities;

(10) to cure any ambiguity, to correct or supplement any provision herein which may be defective or inconsistent with any other provision herein, or to make any other provisions with respect to matters or questions arising under this Indenture; provided such action shall not adversely affect the interests of the Holders of Securities of any series in any material respect; or

(11) to secure the Securities pursuant to Section 10.08 or otherwise.

SECTION 9.02. Supplemental Indentures with Consent of Holders.

With the consent of the Holders of not less than 66-2/3% in principal amount of the Outstanding Securities of each series affected by such supplemental indenture, by Act of said Holders delivered to the Company and the Trustee, the Company, when authorized by or pursuant to a Board Resolution, and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of modifying in any manner the rights of the Holders of Securities of such series under this Indenture; provided, however,

that no such supplemental indenture shall, without the consent of the Holder of each Outstanding Security affected thereby,

(1) change the Stated Maturity of the principal of, or any installment of principal of or interest on, any Security, or reduce the principal amount thereof or the rate of interest thereon or any premium payable upon the redemption thereof, or change any obligation of the Company to pay additional amounts pursuant to Section 10.06 (except

as contemplated by Section 8.01(1) and permitted by Section 9.01(1)), or reduce the amount of the principal of an original Issue Discount Security that would be due and payable upon a declaration of acceleration of the Maturity thereof pursuant to Section 5.02, or change any Place of Payment where, or the currency, currencies or currency unit or units in which, any Security or any premium or the interest thereon is payable, or impair the right to institute suit for the enforcement of any such payment on or after the Stated Maturity thereof (or, in the case of redemption, on or after the Redemption Date),

(2) reduce the percentage in principal amount of the outstanding Securities of any series, the consent of whose Holders is required for any such supplemental indenture, or the consent of whose Holders is required for any waiver (of compliance with certain provisions of this Indenture or certain defaults hereunder and their consequences) provided for in this Indenture,

(3) change any obligation of the Company, with respect to outstanding Securities of a series, to maintain an office or agency in the places and for the purposes specified in Section 10.02 for such series, or

(4) modify any of the provisions of this Section, Section 5.13 or Section 10.05, except to increase any such percentage or to provide with respect to any particular series the right to condition the effectiveness of any supplemental indenture as to that series on the consent of the Holders of a specified percentage of the aggregate principal amount of Outstanding Securities of such series (which provision may be made pursuant to Section 3.01 without the consent of any Holder) or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each outstanding Security affected thereby; provided,

however, that this clause shall not be deemed to require the consent of

any Holder with respect to changes in the references to "the Trustee" and concomitant changes in this Section and Section 10.05, or the deletion of this proviso, in accordance with the requirements of Sections 6.11(b) and 9.01(7).

A supplemental indenture which changes or eliminates any covenant or other provision of this Indenture which has expressly been included solely for the benefit of one or more particular series of Securities, or which modifies the rights of the Holders of Securities of such series with respect to such covenant or other provision, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for any Act of Holders under this Section to approve the particular form of any proposed supplemental indenture, but it shall be sufficient if such Act shall approve the substance thereof.

SECTION 9.03. Execution of Supplemental Indentures. In

executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive, and (subject to Section 6.01) shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, enter into any such supplemental indenture which affects the Trustee's own rights, duties, immunities or liabilities under this Indenture or otherwise.

SECTION 9.04. Effect of Supplemental Indentures. Upon the

execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and every Holder of Securities theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

SECTION 9.05. Conformity with Trust Indenture Act. Every

supplemental indenture executed pursuant to this Article shall conform to the requirements of the Trust Indenture Act as then in effect.

SECTION 9.06. Reference in Securities to Supplemental

Indentures. Securities of any series authenticated and delivered after the

execution of any supplemental indenture pursuant to this Article may, and shall if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Securities of any series so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Securities of such series.

ARTICLE TEN

Covenants

SECTION 10.01. Payment of Principal, Premium and Interest.

The Company covenants and agrees for the benefit of each series of Securities and Coupons, if any, that it will duly and punctually pay the principal of (and premium, if any) and interest on the Securities and Coupons, if any, of that series in accordance with the terms of the Securities and Coupons, if any, of such series and this Indenture.

SECTION 10.02. Maintenance of Office or Agency. If Securities

of a series are issuable only as Registered Securities, the Company will maintain in each Place of Payment for such series an office or agency where Securities of that series may be presented or surrendered for payment, where Securities of that series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. For Securities having a Place of Payment in the Borough of Manhattan, The City of New York, the Company hereby appoints as such agent the Trustee, acting through its Corporate Trust Office. If Securities of a series are issuable as Bearer Securities, the Company will maintain (A) in the Borough of Manhattan, The City of New York, an office or agency where any Registered Securities of that series may be presented or surrendered for payment, where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange, where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served and where Bearer Securities of that series and related Coupons may be presented or surrendered for payment in the circumstances described in the following paragraph (and not otherwise) (the foregoing Corporate Trust Office of the Trustee being hereby so appointed as such agency), (B) subject to any laws or regulations applicable thereto, in a Place of Payment for that series which is located outside the United States, an office or agency where

Securities of that series and related Coupons may be presented and surrendered for payment (including payment of any additional amounts payable on Securities of that series pursuant to Section 10.06); provided, however, that if the

Securities of that series are listed on The Stock Exchange of the United Kingdom and the Republic of Ireland, the Luxembourg Stock Exchange or any other stock exchange located outside the United States and such stock exchange shall so require, the Company will maintain a Paying Agent for the Securities of that series in London, Luxembourg or any other required city located outside the United States, as the case may be, so long as the Securities of that series are listed on such exchange, and (C) subject to any laws or regulations applicable thereto, in a Place of Payment for that series located in Europe, an office or agency where any Registered Securities of that series may be surrendered for registration of transfer, where Securities of that series may be surrendered for exchange and where notices and demands to or upon the Company in respect of the Securities of that series and this Indenture may be served. The Company will give prompt written notice to the Trustee and the Holders of the location, and any change in the location, of any such office or agency. If at any time the Company shall fail to maintain any such required office or agency in respect of any series of Securities or shall fail to furnish the Trustee with the address thereof, such presentations and surrenders of Securities of that series may be made and notices and demands may be made or served at the Corporate Trust Office of the Trustee, except that Bearer Securities of that series and the related Coupons may be presented and surrendered for payment (including payment of any additional amounts payable on Bearer Securities of that series pursuant to Section 10.06) at the London office of the Trustee (or an agent with a London office appointed by the Trustee and acceptable to the Company), and the Company hereby appoints the same as its agent to receive such respective presentations, surrenders, notices and demands.

No payment of principal, premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; provided,

however, that, if the Securities of a series are denominated and payable in

Dollars, payment of principal of and any premium and interest on any Bearer Security (including any additional amounts payable on Securities of such series pursuant to Section 10.06) shall be made at the office of the Company's Paying Agent in the Borough of Manhattan, The City of New York, if (but only if) payment in Dollars of the full amount of such principal, premium, interest or additional amounts, as the case may be, at all offices or agencies outside the United States maintained for the purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may also from time to time designate one or more other offices or agencies where the Securities of one or more series may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or

rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above for Securities of any series for such purposes. The Company will give prompt written notice to the Trustee and the Holders of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 10.03. Money for Securities Payments to be Held in

Trust. If the Company shall at any time act as its own Paying Agent with respect

to any series of Securities, it will, on or before each due date of the principal of (and premium, if any) or interest on any of the

Securities of that series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums shall be paid to such Persons or otherwise disposed of as herein provided and will promptly notify the Trustee of its action or failure so to act.

Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, at or prior to the opening of business at each Place of Payment on each due date of the principal of (and premium, if any) or interest on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal (and premium, if any) or interest so becoming due, such sum to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its failure so to act.

The Company will cause each Paying Agent for any series of Securities other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section, that such Paying Agent will:

(1) hold all sums held by it for the payment of the principal of (and premium, if any) or interest on Securities of that series in trust for the benefit of the Persons entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any default by the Company (or any other obligor upon the Securities of that series) in making of any Payment of principal (and premium, if any) or interest on the Securities of that series; and

(3) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by the Company or such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by the Company or such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of (and premium, if any) or interest on any Security of any series and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable shall upon written request of the Company be paid to the Company, or (if then held by the Company) shall be discharged from such trust; and the Holder of such Security and Coupons, if any, shall thereafter, as an unsecured general creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease.

SECTION 10.04. Statement by Officers as to Default. The

Company will deliver to the Trustee for each series of Securities, within 120 days after the end of each fiscal year of the Company (which as of the date hereof ends on September 30 of each year) ending after the date hereof so long as any Security is outstanding hereunder, an Officers' Certificate, stating that in the course of the performance by the signers of their duties as such officers of the Company they would normally obtain knowledge of any default by the Company in the performance or fulfillment of any covenant, agreement or condition contained in this Indenture, and stating whether or not they have obtained knowledge of any such default existing on the date of such statement and, if so, specifying each such default of which the signers have knowledge and the nature thereof.

SECTION 10.05. Waiver of Certain Covenants. The Company may

omit in any particular instance to comply with any term, provision or condition set forth in Section 10.08, if before the time for such compliance the Holders of not less than 66-2/3% in principal amount of the Outstanding Securities of each series affected thereby shall, by Act of such Holders, either waive such compliance in such instance or generally waive compliance with such term, provision or condition, but no such waiver shall extend to or affect such term, provision or condition except to the extent so expressly waived, and, until such waiver shall become effective, the obligations of the Company and the duties of the Trustee in respect of any such term, provision or condition shall remain in full force and effect.

SECTION 10.06. Additional Amounts. If the Securities of a

series provide for the payment of additional amounts, the Company will pay to the Holder of any Security of such series or any Coupon appertaining thereto additional amounts as provided therein. Whenever in this Indenture there is mentioned, in any context, the payment of the principal of or any premium or interest on, or in respect of, any Security of any series or payment of any related Coupon or the net proceeds received on the sale or exchange of any Security of any series, such mention shall be deemed to include mention of the payment of additional amounts provided for in this Section to the extent that, in such context, additional amounts are, were or would be payable in respect thereof pursuant to the provisions of this Section and express mention of the payment of additional amounts (if applicable) in any provisions hereof shall not be construed as excluding additional amounts in those provisions hereof where such express mention is not made.

If the Securities of a series provide for the payment of additional amounts, at least 10 days prior to the first Interest Payment Date with respect to that series of Securities (or if the Securities of that series will not bear interest prior to Maturity, the first day on which a payment of principal and any premium is made), and at least 10 days prior to each date of payment of principal and any premium or interest if there has been any change with respect to the matters set forth in the below-mentioned Officers' Certificate, the Company will furnish the Trustee and the Company's Paying Agent or Paying Agents, if other than the Trustee, with an Officers' Certificate instructing the Trustee and such Paying Agent or Paying Agents whether such payment of principal of and any premium or interest on the Securities of that series shall be made to Holders of Securities of that series or any related Coupons who are United States Aliens without withholding for or on account of any tax, assessment or other governmental charge described in the Securities of that series. If any such withholding shall be required, then such Officers' Certificate shall specify by country the amount, if any, required to be withheld on such payments to such Holders of Securities or Coupons and the Company will pay to the Trustee or

such Paying Agent the additional amounts required by this Section. The Company covenants to indemnify the Trustee and any Paying Agent for, and to hold them harmless against, any loss, liability or expense reasonably incurred without negligence or bad faith on their part arising out of or in connection with actions taken or omitted by any of them in reliance on any Officers' Certificate furnished pursuant to this Section.

SECTION 10.07. No Lien Created, etc. This Indenture and the

Securities do not create a Lien, charge or encumbrance on any property of the Corporation or any Subsidiary.

SECTION 10.08. Limitation on Liens. As used herein "Lien"

shall mean a lien or security interest (including, but not limited to, a mortgage, encumbrance, pledge, security agreement; conditional sale or trust receipt or a lease, consignment or bailment for security purposes securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and whether such obligation or claim is fixed or contingent) securing any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed (hereinafter called "Debt"). As used herein, "Property" shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible. The Company will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any Property now owned or hereafter owned by it except:

(a) any Lien on any property or asset of the Company or any Subsidiary existing on the date hereof;

(b) easements, rights-of-way, minor defects or irregularities in title and other similar encumbrances having no material adverse effect on the use or value of property or on the conduct of the Company's business;

(c) unexercised liens for taxes not delinquent or being contested in good faith by appropriate proceedings and for which adequate reserves are being maintained;

(d) mechanics, suppliers, materialmen's and similar liens arising in the ordinary course of business which are being contested in good faith by appropriate action so long as the execution of such liens has been stayed;

(e) pledges or deposits under environmental laws, workmen's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which the Company or a Subsidiary is a party, or deposits to secure public or statutory obligations of the Company or a Subsidiary or deposits for the payment of rent, in each case incurred in the ordinary course of business to the extent required by applicable law and not securing indebtedness;

(f) Liens on equipment arising from capital leases;

(g) any Lien existing on any property or asset prior to the acquisition thereof by the Company or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a

Subsidiary; provided that (i) such Lien is not created in contemplation

of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of the Company or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be;

(h) Liens on fixed or capital assets acquired, constructed or improved by the Company or any Subsidiary; provided that (i) such

security interests and the Debt secured thereby are incurred prior to or within 45 days after such acquisition or the completion of such construction or improvement and (ii) such security interests shall not apply to any other property or assets of the Company or any Subsidiary;

(i) Liens on office buildings and research facilities;

(j) Liens which secure Debt owing by a Subsidiary to the Company or another Subsidiary;

(k) Liens in favor of the United States of America or any state thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any state thereof, or in favor of any country, or any political subdivision thereof, to secure partial, progress, advance or other payments, or performance of any other similar obligations, including, without limitation, Liens to secure pollution control bonds or industrial revenue or other similar types of bonds;

(l) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Liens referred to in the foregoing clauses (a), (e), (f), (g), (h), (i), (j) and (k), provided that the principal amount of the Debt secured thereby shall not exceed the principal amount of the Indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement Liens shall be limited to all or part of substantially the same property which secured the Liens extended, renewed or replaced (plus improvements on such property);

(m) Liens on Excess Margin Stock, if any, with Excess Margin Stock determined on the date a Lien on such Excess Margin Stock is affixed. As used in this clause (m), "Excess Margin Stock" shall mean that amount by which the value of all Margin Stock owned by the Company and its Subsidiaries exceeds 25% of the value of all the Property owned by the Company and its Subsidiaries subject to this Section 10.08. "Margin Stock" shall have the meaning set forth in Regulation U of the Board of Governors of the Federal Reserve System as the same may be amended or interpreted from time to time;

(n) Liens incurred in the ordinary course of business to secure performance of obligations with respect to statutory or regulatory requirements, performance or return-of-money bonds, surety bonds or other obligations of a like nature, in each case which are not incurred in connection with the borrowing of money, the obtaining of advances or credit or the payment of the deferred purchase price of property and which do not in the aggregate impair in any material respect the use of property in the business of the Company and its Subsidiaries taken as a whole;

(o) Liens arising by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights and remedies, in each case as to any deposit account or any other fund maintained with a creditor depository institution, provided that (i) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company or a Subsidiary in excess of those set forth by regulations promulgated by the Federal Reserve Board, and (ii) such deposit account is not intended by the Company or Subsidiary to provide collateral to the depository institution; and

(p) in addition to the foregoing, any other Liens securing Debt which in the aggregate amount does not exceed an amount equal to 10% of Consolidated assets of the Company as at the end of the then most recently completed fiscal quarter as reflected on the financial statements for such quarter. "Consolidated" refers to the consolidation in accordance with generally accepted accounting principles ("GAAP") of the accounts of the Company.

SECTION 10.09. Limitations on Sale and Lease-Back. The Company

covenants and agrees that neither it nor any Subsidiary will enter into any arrangement with any bank, insurance company or other lender or investor, or to which any such lender or investor is a party, providing for the leasing to the Company or a Subsidiary for a period of more than three years or any real property located in the continental United States of America (except a lease for a temporary period not to exceed three years by the end of which it is intended that the use of such real property by the lessee will be discontinued) which has been or is to be sold or transferred by the Company or a Subsidiary to such lender or investor or to any Person or organization to which funds have been or are to be advanced by such lender or investor on the security of the leased property (hereinafter called "Sale and Lease-Back Transactions") unless either:

(a) the Company or such Subsidiary would be entitled, pursuant to the provisions of Section 10.08, to create Debt secured by a Lien on the property to be leased, without equally and ratably securing the Securities, or

(b) the Company (and in any such case the Company covenants and agrees that it will do so), within four months after the effective date of such Sale and Lease-Back Transactions (whether made by the Company or a Subsidiary), applies to the retirement of Debt of the Company maturing by the terms thereof more than one year after the original creation thereof (herein called "Funded Debt") an amount equal to the greater of (i) the net proceeds of the sale of the real property leased pursuant to such arrangement or (ii) the fair value of the real property so leased at the time of entering into such arrangement (as determined by the Board of Directors); provided that the amount to be

applied to the retirement of Funded Debt shall be reduced by an amount equal to the sum of (a) the principal amount of Securities delivered, within four months after the effective date of such arrangement, to the Trustee for retirement and cancellation and (b) the principal amount of other Funded Debt voluntarily retired by the Company within such four-month period, excluding retirements of Securities and other Funded Debt pursuant to mandatory sinking fund or prepayment provisions or by payment at maturity. No provision of Article Eleven hereof shall restrict the retirement of Funded Debt pursuant to this Section.

ARTICLE ELEVEN

Redemption of Securities

SECTION 11.01. Applicability of Article. Securities of any

series which are redeemable before their Stated Maturity shall be redeemable in accordance with their terms and (except as otherwise specified as contemplated by Section 3.01 for Securities of any series) in accordance with this Article.

SECTION 11.02. Selection by Trustee of Securities to be

Redeemed. If less than all the Securities of any series are to be redeemed, the

Company shall give the Trustee notice not less than 60 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee) of such Redemption Date and the principal amount of the Securities of such series to be redeemed and the Trustee shall select the particular Securities to be redeemed from the outstanding Securities of such series not previously called for redemption, by such method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (equal to the minimum authorized denomination for Securities of that series or any integral multiple thereof) of the principal amount of Securities of such series of a denomination larger than the minimum authorized denomination for Securities of that series.

The Trustee shall promptly notify the Company in writing of the Securities selected for redemption and, in the case of any Securities selected for partial redemption, the principal amount thereof to be redeemed.

For all purposes of this Indenture, unless the context otherwise requires, all provisions relating to the redemption of Securities shall relate, in the case of any Securities redeemed or to be redeemed only in part, to the portion of the principal amount of such Securities which has been or is to be redeemed.

SECTION 11.03. Notice of Redemption. Notice of redemption

shall be given not less than 30 nor more than 60 days prior to the Redemption Date, to each Holder of Securities to be redeemed, as provided in Section 1.06.

Each such notice of redemption shall specify the Redemption Date, the Redemption Price, the Place or Places of Payment, that the Securities of such series are being redeemed at the option of the Company pursuant to provisions contained in the terms of the Securities of such series or in a supplemental indenture establishing such series, if such be the case, that on the Redemption Date the Redemption Price will become due and payable upon each Security redeemed, that payment will be made upon presentation and surrender of the applicable Securities, that all Coupons, if any, maturing subsequent to the date fixed for redemption shall be void, that any interest accrued to the Redemption Date will be paid as specified in said notice, and that on and after said Redemption Date any interest thereon or on the portions thereof to be redeemed will cease to accrue. If less than all the Securities of any series are to be redeemed the notice of redemption shall specify the numbers of the Securities of such series to be redeemed, and, if only Bearer Securities of any series are to be redeemed, and if such Bearer Securities may be exchanged for Registered Securities, the last date on which exchanges of Bearer Securities for Registered Securities not subject to redemption may be made. In case any Security of any series

is to be redeemed in part only, the notice of redemption shall state the portion of the principal amount thereof to be redeemed and shall state that on and after the Redemption Date, upon surrender of such Security and any Coupons appertaining thereto, a new Security or Securities of such series in principal amount equal to the unredeemed portion thereof and with appropriate Coupons will be issued.

Notice of redemption of Securities and Coupons, if any, to be redeemed at the election of the Company shall be given by or on behalf of the Company.

SECTION 11.04. Deposit of Redemption Price. On or before (but at least

one Business Day before in the Place of Payment in the case of payments not in Dollars) the opening of business on any Redemption Date, the Company shall deposit with the Trustee or with a Paying Agent (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 10.03) an amount of money in the relevant currency (or a sufficient number of currency units, as the case may be) sufficient to pay the Redemption Price of, and (except if the Redemption Date shall be an Interest Payment Date) accrued interest on, all the Securities and Coupons, if any, which are to be redeemed on that date.

SECTION 11.05. Securities Payable on Redemption Date. Notice of

redemption having been given as aforesaid, the Securities so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Company shall default in the payment of the Redemption Price and accrued interest) such Securities shall cease to bear interest and the Coupons for such interest appertaining to any Bearer Securities so to be redeemed, except to the extent provided below, shall be void. Upon surrender of any such Security for redemption in accordance with said notice, together with all Coupons, if any, appertaining thereto maturing after the Redemption Date, such Security shall be paid by the Company at the Redemption Price, together with accrued interest to the Redemption Date; provided, however, that installments of interest on Bearer

Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 10.02) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of Coupons for such interest; and provided further that, unless otherwise specified as

contemplated by Section 3.01, installments of interest on Registered Securities whose Stated Maturity is on or prior to the Redemption Date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Record Dates according to their terms and the provisions of Section 3.07.

If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant Coupons maturing after the Redemption Date, such Security may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing Coupons, or the surrender of such missing Coupon or Coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to the Trustee or any Paying Agent any such missing Coupon in respect of which a deduction shall have been made from the Redemption Price, such Holder shall be entitled to receive the amount so deducted; provided,

however, that interest represented by Coupons shall be payable only at an office

or agency located outside the United States (except as otherwise

provided in Section 10.02) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the Redemption Date at the rate prescribed therefor in the Security.

SECTION 11.06. Securities Redeemed in Part. Any Security (including any

Coupons appertaining thereto) which is to be redeemed only in part shall be surrendered at a Place of Payment therefor (with, if the Company or the Trustee so requires, due endorsement by, or a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the Holder thereof or his attorney duly authorized in writing), and the Company shall execute, and the Trustee shall authenticate and deliver to the Holder of such Security without service charge, a new Security (including any Coupons appertaining thereto) or Securities (including any Coupons appertaining thereto) of the same series and having the same terms and conditions, of any authorized denomination as requested by such Holder, in aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Security (including any Coupons appertaining thereto) so surrendered.

SECTION 11.07. Right to Require Repurchase of Securities by the Company

upon Change in Control and Decline in Debt Rating. (a) In the event that (i) there shall occur any Change in Control and (ii) the prevailing rating of the Securities by Standard & Poor's Corporation or its successors ("S&P") or Moody's Investors Service, Inc. or its successors ("Moody's") or another nationally recognized rating agency selected by the Company, on any date within 90 days following public notice of the occurrence of such Change in Control shall be less than the rating of the Securities on the date 60 days prior to the occurrence of such Change in Control by at least one Full Rating Category ("Rating Decline"), each holder of Securities shall have the right, at such holder's option, to require the Company to purchase, and upon the exercise of such right the Company shall purchase, all or any part of such holder's Securities on the date (the "Repurchase Date") that is 100 days after the last to occur of (i) public notice of such Change in Control and (ii) the Rating Decline, at 100% of the principal amount on the Repurchase Date, plus any accrued and unpaid interest to the Repurchase Date.

(b) On or before the 28th day following the last to occur of (i) public notice of such Change in Control and (ii) the Rating Decline, the Company shall give notice of a Change in Control and Rating Decline and of the repurchase right set forth herein arising as a result thereof by first-class mail, postage prepaid to each holder of Securities at such holder's address appearing in the Securities Register. The Company shall also cause a copy of such notice of a repurchase right to be published in an Authorized Newspaper in the Borough of Manhattan, The City of New York and, if any Bearer Securities are then Outstanding, in London and such other cities as shall be specified with respect to such Bearer Securities.

Each notice of a repurchase right shall state:

- (1) the Repurchase Date,
- (2) the date by which the repurchase right must be exercised,

(3) the price at which the repurchase is to be made, if the repurchase right is exercised, and

(4) a description of the procedure which a holder of Securities must follow to exercise a repurchase right.

No failure of the Company to give the foregoing notice shall limit any holder's right to exercise a repurchase right.

(c) To exercise a repurchase right, a holder of Securities shall deliver to the Company (or an agent designated by the Company for such purpose in the notice referred to in (b) above) at least ten days prior to the Repurchase Date (i) written notice of the holder's exercise of such right, which notice shall set forth the name of the holder, the principal amount of the Security or Securities (or portion of a Security) to be repurchased, and a statement that the option to exercise the repurchase right is being made thereby, and (ii) the Security with respect to which the repurchase right is being exercised, duly endorsed for transfer to the Company. Such written notice shall be irrevocable.

(d) In the event a repurchase right shall be exercised in accordance with the terms hereof, the Company shall pay or cause to be paid the price payable with respect to the Security or Securities as to which the repurchase right has been exercised in cash to the holder of such Security or Securities, on the Repurchase Date. In the event that a repurchase right is exercised with respect to less than the entire principal amount of a surrendered Security, the Company shall execute and deliver to the Trustee and the Trustee shall authenticate for issuance, against surrender of such surrendered Security, (x) in the name of the holder a new Security or Securities in the aggregate principal amount of the unreurchased portion of such surrendered Security and (y) in the name of the Company a new Security or Securities in the aggregate principal amount of the repurchased portion of such surrendered Security.

(e) As used in this Section 11.07:

(1) a "Change in Control" shall be deemed to have occurred at such time as (i) a "person" or "group" (within the meaning of Section 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under such Exchange Act) of more than fifty percent (50%) of the then outstanding Voting Stock of the Company, otherwise than through a transaction consummated with the prior approval of the Board of Directors of the Company, or (ii) during any period of two consecutive years, individuals who at the beginning of such period constitute the Company's Board of Directors (together with any new Director whose election by the Company's Board of Directors or whose nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the Directors then still in office who either were Directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Directors then in office.

(2) the term "Full Rating Category" shall mean (i) with respect to S&P, any of the following categories: AAA, AA, A, BBB, BB, B, CCC, CC and C, (ii) with respect to Moody's, any of the following categories: Aaa, Aa, A, Baa, Ba, B, Caa, Ca and C, (iii)

the equivalent of any such category by S&P or Moody's and (iv) the equivalent of such ratings by any other nationally recognized securities rating agency selected by the Company. In determining whether the rating of the Debt Securities has decreased by the equivalent of one full Rating Category, graduations within Full Rating Categories + and - S&P; 1, 2 and 3 for Moody's; or the equivalent for S&P or Moody's or any such other rating agency) shall be taken into account.

(3) the term "public notice" shall, without limitation, include any filing or report made in accordance with the requirements of the Securities and Exchange Commission or any press release or public announcement made by the Company.

(f) Notwithstanding anything to the contrary contained in this Section 11.07, if a Rating Decline shall apply to less than all series of the Securities, the repurchase rights described herein shall apply only to the series with respect to which there has been a Rating Decline.

ARTICLE TWELVE

Sinking Funds

SECTION 12.01. Applicability of Article. The provisions of this Article

shall be applicable to any sinking fund for the retirement of Securities of a series except as otherwise specified as contemplated by Section 3.01 for Securities of such series.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any sinking fund payment may be subject to reduction as provided in Section 12.02. Each sinking fund payment shall be applied to the redemption of Securities of any series as provided for by the terms of Securities of such series.

SECTION 12.02. Satisfaction of Sinking Fund Payments with Securities.

The Company (1) may deliver Outstanding Securities (including any Coupons) of a series (other than any previously called for redemption) and (2) may apply as a credit Securities of a series which have been redeemed either at the election of the Company pursuant to the terms of such Securities (including any Coupons) or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities, in each case in satisfaction of all or any part of any sinking fund payment with respect to the Securities of such series required to be made pursuant to the terms of such Securities as provided for by the terms of such series; provided that such Securities have not been previously so

credited. Such Securities shall be received and credited for such purpose by the Trustee at the Redemption Price specified in such Securities for redemption through operation of the sinking fund and the amount of such sinking fund payment shall be reduced accordingly.

SECTION 12.03. Redemption of Securities for Sinking Fund. Not less than

60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee an Officers' Certificate specifying the amount of the next ensuing sinking

fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied by delivering and crediting Securities (including any Coupons) of that series pursuant to Section 12.02 and stating the basis for such credit and that such Securities have not been previously so credited and will also deliver to the Trustee any Securities (including any coupons) to be so delivered. Not less than 30 days before each such sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in the manner specified in Section 11.02 and cause notice of the redemption thereof to be given in the name of and at the expense of the Company in the manner provided in Section 11.03. Such notice having been duly given, the redemption of such Securities shall be made upon the terms and in the manner stated in Section 11.05 and 11.06.

ARTICLE THIRTEEN

Meetings of Holders of Securities

SECTION 13.01. Purposes for Which Meetings May Be Called. If Securities

of a series are issuable as Bearer Securities, a meeting of Holders of Securities of such series may be called at any time and from time to time pursuant to this Article to make, give or take any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be made, given or taken by Holders of Securities of such series.

SECTION 13.02. Call, Notice and Place of Meetings. (a) The Trustee may

at any time call a meeting of Holders of Securities of any such series for any purpose specified in Section 13.01, to be held at such time and at such place in the Borough of Manhattan, The City of New York, or in London, as the Trustee shall determine. Notice of every meeting of Holders of Securities of any such series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given, in the manner provided in Section 1.06, not less than 21 nor more than 180 days prior to the date fixed for the meeting.

(b) In case at any time the Company, by or pursuant to a Board Resolution, or the Holders of at least 10% in principal amount of the Outstanding Securities of any such series shall have requested the Trustee to call a meeting of the Holders of Securities of such series for any purpose specified in Section 13.01, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have made the first publication of the notice of such meeting within 21 days after receipt of such request or shall not thereafter proceed to cause the meeting to be held as provided herein, then the Company or the Holders of Securities of such series in the amount above specified, as the case may be, may determine the time and the place in the Borough of Manhattan, The City of New York, or in London, for such meeting and may call such meeting for such purposes by giving notice thereof as provided in subsection (a) of this Section.

SECTION 13.03. Persons Entitled to Vote at Meetings. To be entitled to

vote at any meeting of Holders of Securities of any series, a Person shall be (1) Holder of one or more Outstanding Securities of such series, or (2) a Person appointed by an instrument in writing as proxy for a Holder or Holders of one or more Outstanding Securities of such series by such

Holder or Holders. The only Persons who shall be entitled to be present or to speak at any meeting of Holders of Securities of any series shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 13.04. Quorum; Action. The Persons entitled to vote a majority

in principal amount of the Outstanding Securities of a series shall constitute a quorum for a meeting of Holders of Securities of such series; provided, however,

that if any action is to be taken at such meeting with respect to a consent or waiver which this Indenture expressly provides may be given by the Holders of Securities of not less than 66-2/3% in principal amount of Outstanding Securities of a series, the Persons entitled to vote 66-2/3% in principal amount of the Outstanding Securities of such series shall constitute a quorum. In the absence of a quorum within 30 minutes of the time appointed for any such meeting, the meeting shall, if convened at the request of Holders of Securities of such series, be dissolved. In any other case the meeting may be adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such meeting. In the absence of a quorum at any such adjourned meeting, such adjourned meeting may be further adjourned for a period of not less than 10 days as determined by the chairman of the meeting prior to the adjournment of such adjourned meeting. Notice of the reconvening of any adjourned meeting shall be given as provided in Section 13.02(a), except that such notice need be given only once not less than five days prior to the date on which the meeting is scheduled to be reconvened. Notice of the reconvening of an adjourned meeting which was adjourned for lack of a quorum shall state expressly the percentage, as provided above, of the principal amount of the Outstanding Securities of such series which shall constitute a quorum.

Any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action which this Indenture expressly provides may be made, given or taken by the Holders of a specified percentage in principal amount of the Outstanding Securities of a series may be adopted at a meeting or an adjourned meeting duly reconvened and at which a quorum is present as aforesaid by the affirmative vote of the Holders of such specified percentage in principal amount of the outstanding Securities of that series.

Any resolution passed or decision taken at any meeting of Holders of Securities of any series duly held in accordance with this Section shall be binding on all the Holders of Securities of such series and the related Coupons, whether or not present or represented at the meeting.

SECTION 13.05. Determination of Voting Rights; Conduct and Adjournment

of Meetings. (a) Notwithstanding any other provisions of this Indenture, the

Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders of Securities of a series in regard to proof of the holding of Securities of such series and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 1.04 and the appointment of any proxy shall be proved in the manner specified in Section 1.04 or by having the signature of the person executing the proxy witnessed or guaranteed by any trust company, bank or banker authorized by Section 1.04 to

certify to the holding of Bearer Securities. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 1.04 or other proof.

(b) The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders of Securities as provided in Section 13.02(b), in which case the Company or the Holders of Securities of the series calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote or the Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting.

(c) At any meeting each Holder of a Security of such series or proxy shall be entitled to one vote for each \$1 (or the equivalent thereof) principal amount of the Outstanding Securities of such series held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in
- - - - -
respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote, except as a Holder of a Security of such series or proxy.

(d) Any Meeting of Holders of Securities of any series duly called pursuant to Section 13.02 at which a quorum is present may be adjourned from time to time by Persons entitled to vote a majority in principal amount of the Outstanding Securities of such series represented at the meeting; and the meeting may be held as so adjourned without further notice.

SECTION 13.06. Counting Votes and Recording Action of Meetings. The vote

upon any resolution submitted to any meeting of Holders of Securities of any series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the principal amounts and serial numbers of the Outstanding Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record, at least in duplicate, of the proceedings of each meeting of Holders of Securities of any series shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 13.02 and, if applicable, Section 13.04. Each copy shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one such copy shall be delivered to the Company, and another to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS THEREOF, the parties hereto have caused this Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ASHLAND INC.

by

Title: Treasurer

Attest:

Assistant Secretary

U.S. BANK NATIONAL ASSOCIATION

by

Title: Vice President

Attest:

Trust Officer

EXHIBIT A

[FORMS OF CERTIFICATION]

EXHIBIT A.1

(FORM OF CERTIFICATE TO BE GIVEN BY
PERSON ENTITLED TO RECEIVE BEARER SECURITY]

CERTIFICATE

ASHLAND INC.

[Insert title or sufficient description
of Securities to be delivered]

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (i) are owned by a person that is not a United States person, (ii) are owned by a United States person that is (A) the foreign branch of a United States financial institution (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(v)) (a "financial institution") purchasing for its own account or for resale, or (B) a United States person who acquired the Securities through the foreign branch of a financial institution and who holds the Securities through the financial institution on the date hereof (and in either case (A) or (B), the financial institution hereby agrees to comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) are owned by a financial institution for purposes of resale during the Restricted Period (as defined in U.S. Treasury Regulations Section 1.163-5(c) (2) (i) (D) (7)). In addition, financial institutions described in clause (iii) of the preceding sentence (whether or not also described in clause (i) or (ii)) certify that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or any estate or trust the income taxation of which is subject to United States Federal income regardless of its source, and "United States" means the United States of America (including the states and the District of Columbia), its territories, its possessions, the Commonwealth of Puerto Rico and other areas subject to its jurisdiction.

We undertake to advise you by telex if the above statement as to beneficial ownership is not correct on the date of delivery of the above-captioned Securities in bearer form as to all of such Securities.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Date: _____, 200__

[To be dated on the earlier of the first Interest

Payment Date and the date of the delivery of

the Securities in definitive form]

[Name of Person Entitled to
Receive Bearer Security]

(Authorized Signature)
Name:
Title:

EXHIBIT A.2

[FORM OF CERTIFICATE TO BE GIVEN BY EUROCLEAR AND CLEARSTREAM, LUXEMBOURG IN CONNECTION WITH THE EXCHANGE OF A PORTION OF A TEMPORARY GLOBAL SECURITY]

CERTIFICATE

ASHLAND INC.

[Insert title or sufficient description of Securities to be delivered)

This is to certify with respect to \$_____ principal amount of the above-captioned Securities (i) that we have received from each of the persons appearing in our records as persons entitled to a portion of such principal amount (our "Qualified Account Holders") a certificate with respect to such portion substantially in the form attached hereto, and (ii) that we are not submitting herewith for exchange any portion of the temporary global Security representing the above-captioned Securities excepted in such certificates.

We further certify that as of the date hereof we have not received any notification from any of our Qualified Account Holders to the effect that the statements made by such Qualified Account Holders with respect to any portion of the part submitted herewith for exchange are no longer true and cannot be relied upon as of the date hereof.

Date: _____, 200__

[To be dated no earlier than the Exchange Date]

EUROCLEAR BANK, S.A./N.V., as Operator of the Euroclear System]

CLEARSTREAM BANKING, SOCIETE ANONYME

by

(Authorized Signature)

Name:
Title:

EXHIBIT A.3
[FORM OF CERTIFICATE TO BE GIVEN BY EUROCLEAR
AND CLEARSTREAM, LUXEMBOURG TO OBTAIN
INTEREST PRIOR TO AN EXCHANGE DATE)

CERTIFICATE

ASHLAND INC.

[Insert title or sufficient

description of Securities]

We confirm that the interest payable on the Interest Payment Date on [Insert Date] will be paid to each of the persons appearing in our records as being entitled to interest payable on such date from whom we have received a written certification, dated not earlier than such Interest Payment Date, substantially in the form attached hereto. We undertake to retain certificates received from our member organizations in connection herewith for four years from the end of the calendar year in which such certificates are received.

We undertake that any interest received by us and not paid as provided above shall be returned to the Trustee for the above Securities immediately prior to the expiration of two years after such Interest Payment Date in order to be repaid by such Trustee to the above issuer at the end of two years after such Interest Payment Date.

Date: _____, 200__

[To be dated on or after the relevant Interest Payment Date]

[EUROCLEAR BANK S.A./N.V., as Operator of
the Euroclear System]
[CLEARSTREAM BANKING, SOCIETE ANONYME]

by

(Authorized Signature)

Name:

Title:

EXHIBIT A.4
[FORM OF CERTIFICATE TO BE GIVEN BY BENEFICIAL OWNERS
TO OBTAIN INTEREST PRIOR TO AN EXCHANGE DATE]

CERTIFICATE

ASHLAND INC.

[Insert title or sufficient

description of Securities]

This is to certify that as of the Interest Payment Date on [Insert Date] and except as provided in the third paragraph hereof, the above-captioned Securities held by you for our account are beneficially owned by (i) a person that is not a United States person, (ii) a United States person that is (A) the foreign branch of a United States financial institution (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(v)) (a "financial institution") purchasing for its own account or for resale, or (B) a United States person who acquired the Securities through the foreign branch of a financial institution and who holds the Securities through the financial institution on the date hereof (and in either case (A) or (B), the financial institution hereby agrees to comply with the requirements of Section 165(j) (3) (A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (iii) a financial institution for purposes of resale during the Restricted Period (as defined in U.S. Treasury Regulations Section 1.163-5(c) (2) (i) (D) (7)). In addition, if the beneficial owner is a financial institution described in clause (iii) of the preceding sentence (whether or not also described in clause (i) or (ii)) it certifies that it has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

As used herein, "United States person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source, and "United States" means the United States of America (including the states and the District of Columbia), its territories, its possessions, the Commonwealth of Puerto Rico and other areas subject to its jurisdiction.

This certificate excepts and does not relate to U.S. \$ _____ principal amount of the above-captioned Securities appearing in your books as being held for our account as to which we are not yet able to certify and as to which we understand interest cannot be credited unless and until we are able to so certify.

We understand that this certificate may be required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

Date: _____, 200__

To be dated on or after the

15th day before the relevant

Interest Payment Date]

[Name of Person Entitled to
Receive interest]

(Authorized Signature)

Name:
Title:

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

ASHLAND INC.

[]% Debenture Due []

REGISTERED
No. []

CUSIP []
\$ []

ASHLAND INC., a corporation duly organized and existing under the laws of the Commonwealth of Kentucky (herein called the "Company"), for value received, hereby promises to pay to Cede & Co., or registered assigns, at the office or agency of the Company in Cincinnati, Ohio, the principal sum of [] on [], in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest, semiannually on May 15 and November 15 of each year, commencing on May 15, [], on said principal sum at said office or agency, in like coin or currency, at the rate per annum specified in the title of this Debenture, from the May 15 or the November 15, as the case may be, next preceding the date of this Debenture to which interest has been paid, unless the date hereof is a date to which interest has been paid, in which case from the date of this Debenture, or unless no interest has been paid on these Debentures, in which case from November 15, [], until payment of said principal sum has been made or duly provided for; provided, however, that payment of interest may be made at the ----- option of the Company by check mailed to the address of the person entitled thereto as such address shall appear on the Debt Security Register. Notwithstanding the foregoing, if the date hereof is after the first day of any May or November, as the case may be, and before the following May 15 or November 15, this Debenture shall bear interest from such May 15 or November 15; provided, however, that if the Company shall default in the payment of interest ----- due on such May 15 or November 15, then this Debenture shall

bear interest from such May 15 or November 15; provided, however, that if the Company shall default in the payment of interest due on such May 15 or November 15, then this Debenture shall bear interest from the next preceding May 15 or November 15, to which interest has been paid or, if no interest has been paid on these Debentures, from November 15, []. The interest so payable on any May 15 or November 15, will, subject to certain exceptions provided in the Indenture dated as of [] (herein called the "Indenture") duly executed and delivered by the Company to U.S. Bank, National Association, Trustee (herein called the "Trustee") be paid to the person in whose name this Debenture is registered at the close of business on the May 1 or November 1, as the case may be, next preceding such May 15 or November 15 (herein called the "Regular Record Date") whether or not a Business Day. Any such interest which is payable, but is not so punctually paid or duly provided for, shall forthwith cease to be payable to the registered Holder on such Regular Record Date and may be paid either to the Person in whose name this Debenture (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Debentures not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Debentures may be listed and upon such notice as may be required by such exchange, if such manner of payment shall be deemed practical by the Trustee, all as more fully provided in the Indenture.

This Debenture is one of a duly authorized issue of debentures, notes, bonds or other evidence of indebtedness of the Company (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to the Indenture, to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Company and the holders of the Securities.

The Securities shall be issued in one or more series, which different series may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption provisions (if any), may be subject to different sinking, purchase or analogous funds (if any), may be subject to different covenants and Events of Default and may otherwise vary as provided in the Indenture. This Debenture is one of a series of Securities of the Company issued pursuant to the Indenture designated as the []% Debentures Due [], (herein

called the "Debentures"), limited in aggregate principal amount to \$[].

In case an Event of Default, as defined in the Indenture, with respect to the Debentures shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

Subject to a number of important qualifications and exceptions set forth in the Indenture, the Indenture provides that neither the Company nor any Subsidiary (as defined in the Indenture) will (i) issue, assume or guarantee any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed secured by a mortgage, lien, pledge or other encumbrance upon any real or personal property located in the continental United States of America without effectively providing that the Securities will be secured equally and ratably with (or, at the option of the Company, prior to) such indebtedness so long as such indebtedness shall be so secured or (ii) enter into any Sale and Lease-Back Transactions (as defined in the Indenture).

The Indenture also provides that the Company at its option (a) will be Discharged (as such term is defined in the Indenture) from any and all obligations in respect of the Securities (except for certain obligations to register the transfer or exchange of Securities, replace stolen, lost or mutilated Securities, maintain paying agencies and hold moneys for payment in trust) or (b) need not comply with certain restrictive covenants of the Indenture, if there is deposited with the Trustee, in the case of Securities denominated U.S. dollars, U.S. Government Obligations (as defined in the Indenture), or in the case of Securities denominated in a foreign currency, Foreign Government securities (as defined in the Indenture), which through the payment of interest thereon and principal thereof in accordance with their terms will provide money or a combination of money and U.S. Government Obligations or Foreign Government Securities, as the case may be, in an amount sufficient to pay in the currency, currencies or currency unit or units in which the Securities are payable all the principal of, and interest on, the Securities on the dates such payments are due in accordance with the terms of the Securities.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights

of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of not less than 66-2/3% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also permits the Holders of a majority in principal amount of the Securities at the time Outstanding of each series on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults and their consequences with respect to such series under the Indenture. Any such consent or waiver by the Holder of this Debenture shall be conclusive and binding upon such Holder and upon all future Holders of this Debenture and any Debentures which may be issued in exchange herefor, irrespective of whether or not any notation thereof is made upon this Debenture or such other Debentures.

As set forth in, and subject to, the provisions of the Indenture, no Holder of any Security of this series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to this series, the Holders of not less than 25% in principal amount of the Outstanding Securities of this series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Securities of this series a direction inconsistent with such request and the Trustee shall have failed to institute such proceeding within 60 days; provided, however, that

such limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal of (and premium, if any) of interest on this Security on or after the respective due dates expressed herein.

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

The Debentures are issuable in registered form without coupons in denominations of \$1,000 and any integral multiple of \$1,000. At the office or agency of the Company in Cincinnati, Ohio, and in the manner and subject to the limitations provided in the

Indenture, but without the payment of any service charge, Debentures may be exchanged for a like aggregate principal amount of Debentures of other authorized denomination.

The Debentures may not be redeemed prior to maturity.

Upon due presentment for registration of transfer of this Debenture at the office or agency of the Company in Cincinnati, Ohio, a new Debenture or Debentures of authorized denominations for an equal aggregate principal amount will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith.

Prior to due presentment of this Debenture for registration of transfer, the Company, the Trustee and any agent of the Company or the Trustee may deem and treat the registered holder hereof as the absolute owner of this Debenture (whether or not this Debenture shall be overdue and notwithstanding any notation of ownership or other writing hereon), for the purpose of receiving payment hereof, or on account hereof, and for all purposes, and neither the Company nor the Trustee nor any agent of the Company or the Trustee shall be effected by any notice to the contrary.

Terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

The Indenture and this Debenture shall be governed by and construed in accordance with the laws of the State of New York.

This Debenture shall not be valid or become obligatory for any purposes until the certificate of authentication hereon shall have been signed by the Trustee under the Indenture.

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

Dated: []

ASHLAND INC.,
by _____

[SEAL]

Attest:

by _____

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK, National Association,
as Trustee,

by _____
Authorized Officer

REGISTERED

REGISTERED

ASHLAND INC.
MEDIUM-TERM NOTE, SERIES K
Due Nine Months or More From Date Of Issue
(Fixed Rate)

NO. _____

U.S.\$

ORIGINAL ISSUE DATE: _____ INTEREST RATE: _____ CUSIP _____ MATURITY DATE: _____

REDEMPTION DATE: _____ INDEXED NOTES: _____ YES (see attached) _____ NO

OTHER PROVISIONS:

ASHLAND INC., a corporation duly organized and existing under the laws of Kentucky (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

_____, or registered assigns, the principal sum of

U.S. DOLLARS, on the Maturity Date specified above, and to pay interest thereon from the Original Issue Date specified above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to but excluding the relevant Interest Payment Date, semiannually in arrears on February 15 and August 15 in each year, unless otherwise indicated in the applicable pricing supplement, commencing on the first such date after the Original Issue Date set forth above, at the rate set forth on the face hereof, until the principal hereof is paid or made available for payment; provided,

however, that if the Original Issue Date set forth above is after a Regular

Record Date referred to below and before the related Interest Payment Date, the first payment of interest will be made on the Interest Payment Date following the next succeeding Regular Record Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than at Maturity) will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the February 1 or August 1 (whether or not a Business Day), unless otherwise indicated in the applicable pricing supplement, as the case may be, next preceding such Interest Payment Date; provided, however, that interest payable

at Maturity shall be payable to the Person to whom principal shall be payable. Except as otherwise provided in the Indenture, any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee, notice whereof shall be given to Holders of Securities of this series not less than 10 days

prior to such Special Record Date, or be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Payment of the principal, premium, if any, and interest on this Security will be made at the principal corporate trust office of the Trustee in Cincinnati, Ohio, or such other office or agency of the Company as may be designated by it for such purpose in Cincinnati, Ohio (the "Paying Agent"), in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of

the Company, payment of interest (except at Maturity) may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register. Payment of the principal, premium, if any, and interest on this Security due at Maturity will be made in immediately available funds upon surrender of this Security to the Paying Agent; provided that this Security is presented to the Paying Agent in time for the

Paying Agent to make such payment in accordance with its normal procedures. "Maturity" shall mean the date on which the principal of this Security or an installment of principal becomes due, whether on the Maturity Date specified above, upon redemption or otherwise.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH IN FULL ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized officer, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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

Dated: ASHLAND INC.

By: _____
Treasurer

[Seal] Attest: _____
Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK, National Association
As Trustee

By: _____
Authorized Signatory

[Form of Reverse]

ASHLAND INC.
MEDIUM-TERM NOTE, SERIES K

(Fixed Rate)

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of (herein called the "Indenture"), between the Company and U.S. Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

This Security may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Security is not redeemable prior to the Maturity Date. On or after the Redemption Date set forth on the face hereof, this Security is redeemable in whole or in part in increments of U.S. \$1,000 at the option of the Company at a redemption price equal to 100% of the principal amount to be redeemed together with interest thereon to the date of redemption.

Notice of redemption will be given by mail to Holders of Securities, not more than 60 nor less than 30 days prior to the date fixed for redemption, all as provided in the Indenture.

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

The Securities of this series will not have a sinking fund unless otherwise specified in the applicable pricing supplement.

Subject to a number of important qualifications and exceptions set forth in the Indenture, the Indenture provides that neither the Company nor any Subsidiary (as defined in the Indenture) will (i) issue, assume or guarantee any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed secured by a mortgage, lien, pledge or other encumbrance upon any real or personal property located in the continental United States of America without effectively providing that the Securities will be secured equally and ratably with (or, at the option of the Company, prior to) such indebtedness so long as such indebtedness shall be so secured or (ii) enter into any Sale and Lease-Back Transactions (as defined in the Indenture).

The Indenture also provides that the Company at its option (a) will be discharged (as such term is defined in the Indenture) from any and all obligations in respect of the Securities (except for certain obligations to register the transfer or exchange of Securities, replace stolen, lost or mutilated Securities, maintain paying agencies and hold moneys for payment in trust) or (b) need not comply with certain restrictive covenants of the Indenture, if there is deposited with the Trustee, in the case of Securities Denominated in U.S. dollars, U.S. Government Obligations (as defined in the Indenture) or, in the case of Securities denominated in a foreign currency, Foreign Government Securities (as defined in the Indenture), which through the payment of interest thereon and principal thereof in accordance with their terms will provide money or a combination of money and U.S. Government Obligations or Foreign Government Securities, as the case may be, in an amount sufficient to pay in the currency, currencies or currency unit or units in which the Securities are payable all the principal, premium, if any, and interest on, the Securities on the dates such payments are due in accordance with the terms of the Securities.

Interest payments for this Security will include interest accrued to but excluding the Interest Payment Date. Interest payments for this Security shall be computed and paid on the basis of a 360-day year of twelve 30-day months.

The interest rate on this Security will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general applicability.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As set forth in, and subject to, the provisions of the Indenture, no Holder of any Security of this series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to this series, the Holders of not less than 25% in principal amount of the Outstanding Securities of this series shall have made written request, and offered reasonable indemnity, to the Trustee to institute

such proceeding as trustee, the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Securities of this series a direction inconsistent with such request and the Trustee shall have failed to institute such proceeding within 60 days; provided, however, that such

limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal, premium, if any, or interest on this Security on or after the respective due dates expressed herein.

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

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the corporate trust office of the Trustee or such other office or agency as may be designated by the Company in Cincinnati, Ohio, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and with like terms and conditions and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination and with like terms and conditions, as requested by the Holder surrendering the same.

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

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

The Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

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

ABBREVIATIONS

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

TEN COM-as tenants	UNIF GIFT MIN ACT-.....Custodian.....
in common	(Cust) (Minor)
TEN ENT-as tenants	Under Uniform Gifts to Minors Act
by the entirety	
JT TEN-as joint tenants
with right of	(State)
survivorship and	
not as tenants in common	

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

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

Please Insert Social Security or Other Identifying Number of Assignee

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney

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

Dated: _____ Signature

[Form of Certificated Floating Rate Registered Security--United States]

[Form of Face]

NOTE NUMBER

AGENT'S NAME

ASHLAND INC.

PRINCIPAL AMOUNT SETTLEMENT DATE TRADE DATE

U.S.\$ (ORIGINAL ISSUE DATE)

MATURITY DATE	TRUSTEE'S CUST. NO.	INTEREST RATE	TAXPAYER ID OR SOC. SEC. NO. OF PURCHASER	TRANSFERRED
---------------	---------------------	---------------	-------------------------------------------	-------------

NAME AND ADDRESS OF REGISTERED OWNER	MEDIUM-TERM NOTE PROGRAM
	U.S. BANK, National Association TRUSTEE

CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER	PLEASE SIGN AND RETURN	SEE REVERSE SIDE
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REGISTERED

REGISTERED

ASHLAND INC.

MEDIUM-TERM NOTE, SERIES K

Due Nine Months or More From Date Of Issue
NO. (Floating Rate) U.S.\$

ORIGINAL ISSUE DATE: INITIAL INTEREST RATE: MATURITY DATE:

REDEMPTION DATE:

CALCULATION AGENT: INDEX MATURITY: SPREAD: +/-
- 1 MONTH SPREAD MULTIPLIER %
- 3 MONTHS
- 6 MONTHS
- 1 YEAR

INTEREST RATE BASIS: COMMERCIAL LIBOR TREASURY PRIME
PAPER RATE RATE RATE
 FEDERAL FUNDS CD RATE
RATE

MAXIMUM INTEREST RATE: % INTEREST PAYMENT PERIOD:
(monthly, quarterly,
semi-annually or annually)

MINIMUM INTEREST RATE: % INTEREST RATE RESET PERIOD:
(daily, weekly,
monthly, quarterly,
semi-annually or
annually)

INTEREST PAYMENT DATES: INTEREST RESET DATES:

REGULAR RECORD INDEXED NOTES: YES (see attached)
 NO
DATES:

OTHER PROVISIONS:

ASHLAND INC., a corporation duly organized and existing under the laws of Kentucky (herein called the "Company" which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to, or registered assigns, the principal sum of

U.S. DOLLARS on the Maturity Date specified above, and to pay interest thereon at a rate per annum equal to the Initial Interest Rate specified above until the first Interest Reset Date specified above following the Original Issue Date specified above and thereafter at a rate determined in accordance with the provisions on the reverse hereof under the heading "Determination of Commercial Paper Rate", "Determination of Prime Rate", "Determination of LIBOR", "Determination of Treasury Rate", "Determination of Federal Funds Rate" or "Determination of CD Rate", depending upon whether the Interest Rate Basis specified above is the Commercial Paper Rate, Prime Rate, LIBOR, Treasury Rate, Federal Funds Rate or CD Rate, which rate may be adjusted by adding or subtracting the Spread or multiplying by the Spread Multiplier (as such terms are defined below) depending on whether a Spread or Spread Multiplier is designated above, until the principal hereof is paid or duly made available for payment. In addition, a Floating Rate Note may bear interest at the lowest or highest or average of two or more interest rate formulae. The "Spread", if any, is the number of basis points designated above, and the "Spread Multiplier", if any, is the percentage designated above. The Company will pay interest monthly, quarterly, semi-annually or annually as specified above under "Interest Payment Period", commencing with the first Interest Payment Date specified above next succeeding the Original Issue Date and thereafter on the Interest Payment Dates as specified above, and on the Maturity Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest set forth above (whether or not a Business Day), next preceding such Interest Payment Date; provided, however,

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

exchange, all as more fully provided in said Indenture. Payment of the principal, premium, if any, and interest on this Security will be made at the principal corporate trust office of the Trustee in Cincinnati, Ohio, or such other office or agency of the Company as may be designated by it for such purpose in Cincinnati, Ohio (the "Paying Agent"), in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company payment of interest (except at Maturity) may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register. Payment of the principal, premium, if any, and interest on this Security due at Maturity will be made in immediately available funds upon surrender of this Security to the Paying Agent; provided that this Security is presented to the Paying Agent in time for the Paying Agent to make such payment in accordance with its normal procedures. "Maturity" shall mean the date on which the principal of this Security or an installment of principal becomes due, whether on the Maturity Date specified above, upon redemption or otherwise.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized officer, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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

Dated:

ASHLAND INC.

By _____
Treasurer

(Seal)

Attest:

Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated:

U.S. BANK, National Association
As Trustee

By _____
Authorized Signatory

[Form of Reverse]

ASHLAND INC.
MEDIUM-NOTE, SERIES K

(Floating Rate)

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of (herein called the "Indenture"), between the Company and U.S. Bank, National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

This Security may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Security is not redeemable prior to the Maturity Date. On or after the Redemption Date set forth on the face hereof, this Security is redeemable in whole or in part in increments of U.S. \$1,000 at the option of the Company at a redemption price equal to 100% of the principal amount to be redeemed together with interest thereon to the date of redemption.

Notice of redemption will be given by mail to Holders of Securities, not more than 60 nor less than 30 days prior to the date fixed for redemption, all as provided in the Indenture.

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

The Securities of this series will not have a sinking fund unless otherwise specified in the applicable pricing supplement.

Commencing with the first Interest Reset Date specified on the face hereof following the Original Issue Date, the rate at which interest on this Security is payable shall be adjusted daily, weekly, monthly, quarterly, semi-annually or annually as shown on the face hereof under "Interest Rate Reset Period"; provided, however, that the interest rate in effect hereon for the 10 days

immediately prior to the Maturity hereof, shall be that in effect on the 10th day preceding the Maturity hereof. Each such adjusted rate shall be applicable on and after the Interest Reset Date to which it relates, to but not including the next succeeding Interest Reset Date or until Maturity, as the case may be. If any Interest Reset Date specified on the face hereof would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if (i) the rate of interest on the Security shall be determined in accordance with the provisions of the heading "Determination of LIBOR" below, and (ii) such London Banking Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding London Banking Day. "Business Day" means any day, other than a Saturday or Sunday, that meets each of the following applicable requirements. The day is: (a) not a day on which banking institutions are authorized or required by law or regulation to be closed in The City of New York, (b) with respect to LIBOR Notes, a London Banking Day, (c) with respect to Foreign Currency Notes (other than Foreign Currency Notes denominated in euro only), not a day on which banking institutions are authorized or required by law or regulation to be closed in the principal financial center in the country of the Specified Currency and (d) with respect to Foreign Currency Notes denominated in euro, any date on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open. "London Banking Day" means any day on which dealings in deposits in United States dollars are transacted in the London interbank market. Subject to applicable provisions of law and except as specified herein, on each Interest Reset Date, the rate of interest on this Security shall be the rate determined in accordance with the provisions of the applicable heading below.

The interest rate on this Security will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general applicability.

DETERMINATION OF COMMERCIAL PAPER RATE. The interest rate payable with respect to this Security shall be

calculated by the Calculation Agent with reference to the Commercial Paper Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Commercial Paper Rate" means, with respect to each Interest Determination Date specified on the face hereof, the Money Market Yield (calculated as described below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" ("H.15(519)") under the heading "Commercial Paper - Nonfinancial". In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Commercial Paper Rate on such Interest Determination Date will be the Money Market Yield of the rate for commercial paper having the Index Maturity specified on the face hereof as published in the daily update of H.15(519), available through the world wide web site of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update> (the "H.15 Daily Update") under the heading "Commercial Paper -- Nonfinancial" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days respectively), or any successor site or publication or heading. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or H.15 Daily Update (or in any successor publications), the Commercial Paper Rate for that Interest Determination Date will be the Money Market Yield of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the offered rates, as of 11:00 A.M., New York City time, on that Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent (which may include one or more of the Agents or their affiliates) for commercial paper having the Index Maturity specified on the face hereof placed for a non-financial issuer whose bond rating is "Aa", or the equivalent, from a nationally recognized rating agency; provided, however, -----
that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Interest Determination Date.

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

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

360 - (D x M)

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

DETERMINATION OF PRIME RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the Prime Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Prime Rate" means, with respect to each Interest Determination Date specified on the face hereof, the rate set forth on such date in H.15(519) under the heading "Bank Prime Loan", or any successor publication or heading. If the rate is not published in H.15(519) prior to 3:00 P.M., New York City time, on the Calculation Date, then the Prime Rate will be the rate on such Interest Determination Date as published in H.15 Daily Update opposite the caption "Bank Prime Loan". In the event that such rate is not published in either H.15(519) or H.15 Daily Update prior to 3:00 P.M., New York City time, on such Interest Determination Date, then the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page, or any successor screen or page, as such bank's prime rate or base lending rate as in effect for that Interest Determination Date at 11:00 A.M. New York City time. If fewer than four such rates appear on the Reuters Screen USPRIME1 Page for the Interest Determination Date, the Prime Rate will be the arithmetic mean of the announced 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 Interest Determination Date by at least three major money center banks in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent. If fewer than two such quotations are provided, the Prime Rate shall be determined on the basis of the rates furnished in The City of New York 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 \$500 million and being subject to supervision or examination by federal or state authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks selected as

 aforesaid are not quoting as mentioned in this sentence, the Prime Rate will be the Prime Rate then in effect on such Interest Determination Date.

"Reuters Screen USPRIME1 Page" means the display on the Reuter Monitor Money Rates Service (or any successor service) on the "USPRIME1" page (or such other page as may replace the USPRIME1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

DETERMINATION OF LIBOR. The interest rate payable with respect to this Security shall be calculated with reference to LIBOR and the Spread or Spread Multiplier, if any, specified on the face hereof. "LIBOR" will be determined with respect to each Interest Determination Date specified on the face hereof by the Calculation Agent in accordance with the following provisions:

(i) With respect to each Interest Determination Date, LIBOR will be either (a) if "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates for deposits in the Index Currency having the Index Maturity specified on the face hereof, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, if at least two of these offered rates appear on the Designated LIBOR Page (if the Designated LIBOR Page by its terms provides for only a single rate, that single rate will be used regardless of the foregoing provisions requiring more than one rate), (b) if "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the rate for deposits in the Index Currency having the Index Maturity specified on the face hereof, commencing on such Interest Reset Date, that appears on the Designated LIBOR Page as of 11:00 A.M., London time, on such Interest Determination Date or (c) if neither "LIBOR REUTERS" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the rate as if "LIBOR Telerate" had been so specified. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to an Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London

office of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified on the face hereof, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 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 Index Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such Interest Determination Date by three major banks in such Principal Financial Center (which may include the Agents or their affiliates) selected by the Calculation Agent for loans in the Index Currency to leading European banks, having the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such Index 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 as of such LIBOR Interest Determination Date will be LIBOR in effect on such Interest Determination Date.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified on the face hereof, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency, or (b) if "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the display on the Dow Jones Telerate Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency.

"Principal Financial Center" means the capital city of the country issuing the Index Currency, except that with respect to United States dollars, Australian dollars,

Deutsche marks, Dutch guilders, Italian lire and Swiss francs, the Principal Financial Center shall be The City of New York, Sydney, Frankfurt, Amsterdam, Milan and Zurich, respectively.

DETERMINATION OF TREASURY RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the Treasury Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Treasury Rate" means, with respect to each Interest Determination Date, the rate from the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity specified on the face hereof as such rate appears on the display designated as Page 56 or the display designated as Page 57 on the Dow Jones Telerate Service under the heading "AVGE INVEST YIELD", or any successor publication or heading, or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury bills having the Index Maturity specified on the face hereof are not published or reported as provided above by 3:00 P.M., New York City time, on such date, or if no such auction is held in a particular week, then the Treasury Rate shall be the rate as published in H.15(519) under the heading "U.S. Government Securities/Treasury Bills/Secondary Market", or any successor publication or heading. In the event that such rate is not so published by 3:00 P.M., New York City time, on the relevant Calculation Date, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Interest Determination Date, of three leading primary United States government securities dealers in The City of New York selected by the Calculation Agent (which may include one or more of the Agents or their affiliates), for the issue of Treasury bills with a remaining maturity closest to the specified Index Maturity; provided, however,

 that if fewer than three of the dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on such Interest Determination Date.

DETERMINATION OF FEDERAL FUNDS RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the Federal Funds Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Federal Funds Rate" means, with respect to each Interest Determination Date, the rate on such date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)", or any successor publication or heading. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Federal Funds Rate will be the rate on such Interest Determination Date for United States dollar federal funds as published in H.15 Daily Update under the heading "Federal Funds (Effective)", or any successor publication or heading. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or H.15 Daily Update (or in any successor publications), the Federal Funds Rate for that Interest Determination Date shall be the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the rates for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York as of 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; provided,

 however, that if fewer than three brokers selected as aforesaid by the

 Calculation Agent are quoting as mentioned in this sentence, the Federal Funds Rate will be the Federal Funds Rate in effect on such Interest Determination Date.

DETERMINATION OF CD RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the CD Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "CD Rate" means, with respect to each CD Rate Interest Determination Date, the rate on such date for negotiable certificates of deposit having the Index Maturity specified on the face hereof as published in H.15(519) under the heading "CDs (Secondary Market)", or any successor publication or heading. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the CD Rate shall be the rate on such Interest Determination Date set forth in H.15 Daily Update for that day in respect of negotiable certificates of deposit having the Index Maturity specified on the face hereof under the caption "CDs (Secondary Market)". If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet

published in either H.15(519) or H.15 Daily Update (or in any successor publications), the CD Rate for that Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the secondary market offered rates, as of 10:00 A.M., New York City time, on that Interest Determination Date, of three leading nonbank dealers of negotiable U.S. dollar certificates of deposit in The City of New York, selected by the Calculation Agent, for negotiable certificates of deposit of major United States money market banks of the highest credit standing, in the market for negotiable certificates of deposit, with a remaining maturity closest to the Index Maturity specified on the face hereof in a denomination of \$5,000,000; provided, however,

that if fewer than three dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the CD Rate will be the CD Rate in effect on such Interest Determination Date.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, shown on the face hereof. The Calculation Agent shall calculate the interest rate on this Security in accordance with the foregoing on or before each Calculation Date and shall promptly thereafter notify the Company and the Trustee of such interest rate. Any such calculation by the Calculation Agent shall be conclusive and binding on the Company, the Trustee and the Holder of this Security, absent manifest error.

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

If any Interest Payment Date specified on the face hereof would otherwise be a day that is not a Business Day, the Interest Payment Date shall be postponed to the next day that is a Business Day, except that if (i) the rate of interest on this Security shall be determined in accordance with the provisions of the heading "Determination of LIBOR" above and (ii) such Business Day is in the next succeeding calendar month, such Interest Payment Date (other than an Interest Payment Date at Maturity) shall be the immediately preceding Business Day.

The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest on the Security shall be determined in accordance with the provisions of the

headings "Determination of Commercial Paper Rate", "Determination of Prime Rate", "Determination of Federal Funds Rate" or "Determination of CD Rate" above will be the second Business Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest on this Security shall be determined in accordance with the provisions of the heading "Determination of LIBOR" above will be the second London Banking Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest on the Security shall be determined in accordance with the provisions of the heading "Determination of Treasury Rate" above (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 the 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 Interest Reset Date occurring 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.

The Calculation Date, if applicable, pertaining to any Interest Determination Date shall be the first to occur of (a) the tenth calendar day after the Interest Determination Date, or, if that day is not a Business Day, the next succeeding Business Day or (b) the Business Day preceding the applicable Interest Payment Date or Maturity of that Note, as the case may be. However, LIBOR will be calculated on the LIBOR Interest Determination Date.

Interest payments for this Security will include interest accrued to but excluding the Interest Payment Date. Accrued interest hereon from and including the Original Issue Date, or from but excluding the last date to which interest hereon has been paid or duly provided for, as the case may be, will be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such accrued interest factor will be computed by adding the interest factor calculated for each day from and including the Original Issue Date, or from but excluding the last date to which interest shall have been paid or duly provided for, as the case may be, to and including the date for which accrued interest is being calculated. The interest factor

(expressed as a decimal rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) for each such day will be computed by dividing the interest rate (expressed as a decimal rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) applicable to such day by 360, in the case of the Commercial Paper Rate, the Prime Rate, LIBOR, the Federal Funds Rate or the CD Rate, or by the actual number of days in the year, in the case of the Treasury Rate. The interest factor for Floating Rate Notes for which two or more interest rate formulae are applicable will be calculated in the same manner as if only the lowest, highest or average of, as the case may be, such interest rate formulae applied.

Subject to a number of important qualifications and exceptions set forth in the Indenture, the Indenture provides that neither the Company nor any Subsidiary (as defined in the Indenture) will (i) issue, assume or guarantee any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed secured by a mortgage, lien, pledge or other encumbrance upon any real or personal property located in the continental United States of America without effectively providing that the Securities will be secured equally and ratably with (or, at the option of the Company, prior to) such indebtedness so long as such indebtedness shall be so secured or (ii) enter into any Sale and Lease-Back Transactions (as defined in the Indenture).

The Indenture also provides that the Company at its option (a) will be Discharged (as such term is defined in the Indenture) from any and all obligations in respect of the Securities (except for certain obligations to register the transfer or exchange of Securities, replace stolen, lost or mutilated securities, maintain paying agencies and hold moneys for payment in trust) or (b) need not comply with certain restrictive covenants of the Indenture, if there is deposited with the Trustee, in the case of Securities denominated in U.S. dollars, U.S. Government Obligations (as defined in the Indenture) or, in the case of Securities denominated in a foreign currency, Foreign Government Securities (as defined in the Indenture), which through the payment of interest thereon and principal thereof in accordance with their terms will provide money or a combination of money and U.S. Government Obligations or Foreign Government Securities, as the case may be, in an amount sufficient to pay in the currency, currencies or currency unit or units in which the Securities are payable, all the principal, premium, if any, and interest on, the

Securities on the dates such payments are in accordance with the terms of the Securities.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration or transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As set forth in, and subject to, the provisions of the Indenture, no Holder of any Security of this series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to this series, the Holders of not less than 25% in principal amount of the Outstanding Securities of this series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Securities of this series a direction inconsistent with such request and the Trustee shall have failed to institute such proceeding within 60 days; provided, however, that such

 limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal, premium, if any, or interest on this Security on or after the respective due dates expressed herein.

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

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the corporate trust office of the Trustee or such other office or agency as may be designated by the Company in Cincinnati, Ohio, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this Series and of like tenor, of authorized denominations and with like terms and conditions and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination and with like terms and conditions, as requested by the Holder surrendering the same.

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

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

The Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

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

ABBREVIATIONS

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

TEN COM-as tenants in common	UNIF GIFT MIN ACT.....Custodian..... (Cust) (Minor)
TEN ENT-as tenants by the entireties	Under Uniform Gifts to Minors Act
JT TEN-as joint tenants with right of survivorship and not as tenants in common (State)

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

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

Please Insert Social Security or Other
Identifying Number of Assignee

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS
INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney

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

Dated: _____
Signature

(Form of Global Fixed Rate Registered Security)

(Form of Face)

NOTE NUMBER AGENT'S NAME

ASHLAND INC.

PRINCIPAL AMOUNT SETTLEMENT DATE TRADE DATE

U.S.\$ (ORIGINAL ISSUE DATE)

MATURITY DATE TRUSTEE'S CUST. NO. INTEREST RATE TAXPAYER ID TRANSFERRED
OR SOC. SEC.
NO. OF
PURCHASER

NAME AND ADDRESS OF REGISTERED OWNER MEDIUM-TERM
NOTE
PROGRAM

U.S. BANK National Association
TRUSTEE

CUSTOMER'S COPY RETAIN FOR TAX PURPOSES THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER PLEASE SIGN AND RETURN ENCLOSED RECEIPT SEE REVERSE SIDE

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE AND CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED

REGISTERED

ASHLAND INC.
MEDIUM-TERM NOTE, SERIES K
Due Nine Months or More From Date Of Issue

NO. (Fixed Rate) U.S.\$

ORIGINAL ISSUE DATE: INTEREST RATE: CUSIP MATURITY DATE:

REDEMPTION DATE: INDEXED NOTES: YES (see attached) NO

OTHER PROVISIONS:

ASHLAND INC., a corporation duly organized and existing under the laws of Kentucky (herein called the "Company", which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to, or registered assigns, the principal sum of

U.S. DOLLARS, on the Maturity Date specified above, and to pay interest thereon from the Original Issue Date specified above, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to but excluding the relevant Interest Payment Date, semiannually in arrears on February 15 and August 15 in each year, unless otherwise indicated in the applicable Pricing Supplement, commencing on the first such date after the Original Issue Date set forth above, at the rate set forth on the face hereof, until the principal hereof is paid or made available for payment; provided,

however, that if the Original Issue Date set forth above is after a Regular

Record Date referred to below and before the related Interest Payment Date, the first payment of interest will be made on the Interest Payment Date following the next succeeding Regular Record Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date (other than at Maturity) will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, which shall be the February 1 or August 1 (whether or not a Business Day), unless otherwise indicated in the applicable Pricing Supplement, as the case may be, next preceding such Interest Payment Date; provided, however, that interest payable

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

securities exchange on which the Securities of this series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in said Indenture. Payment of the principal, premium, if any, and interest on this Security will be made to the Depository, or its nominee, as Holder thereof, in accordance with arrangements then in effect between the Trustee and the Depository, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of the Company, payment of interest

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(except at Maturity) may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register (which in the case of Book-Entry Notes, will be a nominee of the Depository). Payment of the principal, premium, if any, and interest on this Security due at Maturity will be made in immediately available funds upon surrender of this Security to the Paying Agent; provided that this Security is

presented to the Paying Agent in time for the Paying Agent to make such payment in accordance with its normal procedures. "Maturity" shall mean the date on which the principal of this Security or an installment of principal becomes due, whether on the Maturity Date specified above, upon redemption or otherwise.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH IN FULL ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized officer, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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

Dated: ASHLAND INC.
By: _____
Treasurer
[Seal] Attest: _____
Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

U.S. BANK National Association
As Trustee

By: _____
Authorized Signatory

(Form of Reverse)

ASHLAND INC.
MEDIUM-TERM NOTE, SERIES K

(Fixed Rate)

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of (herein called the "Indenture"), between the Company and U.S. Bank National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

This Security may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Security is not redeemable prior to the Maturity Date. On or after the Redemption Date set forth on the face hereof, this Security is redeemable in whole or in part in increments of U.S. \$1,000 at the option of the Company at a redemption price equal to 100% of the principal amount to be redeemed together with interest thereon to the date of redemption.

Notice of redemption will be given by mail to Holders of Securities, not more than 60 nor less than 30 days prior to the date fixed for redemption, all as provided in the Indenture.

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

The Securities of this series will not have a sinking fund unless otherwise specified in the applicable pricing supplement.

Subject to a number of important qualifications and exceptions set forth in the Indenture, the Indenture provides that neither the Company nor any Subsidiary (as defined in the Indenture) will (i) issue, assume or guarantee any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed secured by a mortgage, lien, pledge or other encumbrance upon any real or personal property located in the continental United States of America without effectively providing that the Securities will be secured equally and ratably with (or, at the option of the Company, prior to) such indebtedness so long as such indebtedness shall be so secured or (ii) enter into any Sale and Lease-Back Transactions (as defined in the Indenture).

The Indenture also provides that the Company at its option (a) will be Discharged (as such term is defined in the Indenture) from any and all obligations in

respect of the Securities (except for certain obligations to register the transfer or exchange of Securities, replace stolen, lost or mutilated Securities, maintain paying agencies and hold moneys for payment in trust) or (b) need not comply with certain restrictive covenants of the Indenture, if there is deposited with the Trustee, in the case of Securities denominated in U.S. dollars, U.S. Government Obligations (as defined in the Indenture) or, in the case of Securities denominated in a foreign currency, Foreign Government Securities (as defined in the Indenture), which through the payment of interest thereon and principal thereof in accordance with their terms will provide money or a combination of money and U.S. Government Obligations or Foreign Government Securities, as the case may be, in an amount sufficient to pay in the currency, currencies or currency unit or units in which the Securities are payable all the principal, premium, if any, and interest on, the Securities on the dates such payments are due in accordance with the terms of the Securities.

Interest payments for this Security will include interest accrued to but excluding the Interest Payment Date. Interest payments for this Security shall be computed and paid on the basis of a 360-day year of twelve 30-day months.

The interest rate on this Security will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general applicability.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66-2/3% in principal amount of the Securities at the time outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any of such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As set forth in, and subject to, the provisions of the Indenture, no Holder of any Security of this series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to this series, the Holders of not less than 25% in principal amount of the Outstanding Securities of this series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Securities of this series a

direction inconsistent with such request and the Trustee shall have failed to institute such proceeding within 60 days; provided, however, that such

limitations do not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal, premium, if any, or interest on this Security on or after the respective due dates expressed herein.

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

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the corporate trust office of the Trustee or such other office or agency as may be designated by the Company in Cincinnati, Ohio, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this series and of like tenor, of authorized denominations and with like terms and conditions and for the same aggregate principal amount, will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination and with like terms and conditions, as requested by the Holder surrendering the same.

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

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

The Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

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

ABBREVIATIONS

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

TEN COM-as tenants in common	UNIF GIFT MIN ACT-..... Custodian..... (Cust) (Minor)
TEN ENT-as tenants by the entireties	Under Uniform Gifts to Minors Act
JT TEN-as joint tenants with right of survivorship and not as tenants in common (State)

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

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

Please Insert Social Security or Other Identifying Number of Assignee

-
-

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney

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

Dated: _____ Signature

[Form of Global Floating Rate Note]

[Form of Face]

NOTE NUMBER

AGENT'S NAME

ASHLAND INC.

PRINCIPAL AMOUNT SETTLEMENT DATE TRADE DATE

U.S.\$ (ORIGINAL ISSUE DATE)

MATURITY DATE	TRUSTEE'S CUST. NO.	INTEREST RATE	TAXPAYER ID OR SOC. SEC. NO. OF PURCHASER	TRANSFERRED
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NAME AND ADDRESS OF REGISTERED OWNER	MEDIUM-TERM NOTE PROGRAM
	U.S. BANK National Association TRUSTEE

CUSTOMER'S COPY	RETAIN FOR TAX PURPOSES	THE TIME OF THE TRANSACTION WILL BE FURNISHED UPON REQUEST OF THE CUSTOMER	PLEASE SIGN AND RETURN ENCLOSED RECEIPT	SEE REVERSE SIDE
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UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE AND CO. OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY AND ANY PAYMENT IS MADE TO CEDE & CO., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

REGISTERED

REGISTERED

ASHLAND INC.

MEDIUM-TERM NOTE, SERIES K
Due Nine Months or More From Date Of Issue

NO. (Floating Rate) U.S.\$

ORIGINAL ISSUE DATE: INITIAL INTEREST RATE: MATURITY DATE:

REDEMPTION DATE:

CALCULATION AGENT: INDEX MATURITY: SPREAD: +/-

- 1 MONTH SPREAD MULTIPLIER %
- 3 MONTHS
- 6 MONTHS
- 1 YEAR

INTEREST RATE BASIS: COMMERCIAL PAPER RATE LIBOR TREASURY RATE PRIME RATE

FEDERAL FUNDS RATE CD RATE

MAXIMUM INTEREST RATE: % INTEREST PAYMENT PERIOD: _____
(monthly, quarterly, semi-annually or annually)

MINIMUM INTEREST RATE: % INTEREST RATE RESET PERIOD: _____
(daily, weekly, monthly, quarterly, semi-annually or annually)

INTEREST PAYMENT DATES: INTEREST RESET DATES:

REGULAR RECORD DATES: INDEXED NOTES: YES (see attached) NO

OTHER PROVISIONS:

ASHLAND INC., a corporation duly organized and existing under the laws of Kentucky (herein called the "Company" which term includes any successor corporation under the Indenture referred to on the reverse hereof), for value received, hereby promises to pay to

, or registered assigns, the principal sum of

U.S. DOLLARS on the Maturity Date specified above, and to pay interest thereon at a rate per annum equal to the Initial Interest Rate specified above until the first Interest Reset Date specified above following the Original Issue Date specified above and thereafter at a rate determined in accordance with the provisions on the reverse hereof under the heading "Determination of Commercial Paper Rate", "Determination of Prime Rate", "Determination of LIBOR", "Determination of Treasury Rate", "Determination of Federal Funds Rate" or "Determination of CD Rate", depending upon whether the Interest Rate Basis specified above is the Commercial Paper Rate, Prime Rate, LIBOR, Treasury Rate, Federal Funds Rate or CD Rate, which rate may be adjusted by adding or subtracting the Spread or multiplying by the Spread Multiplier (as such terms are defined below) depending on whether a Spread or Spread Multiplier is designated above, until the principal hereof is paid or duly made available for payment. In addition, a Floating Rate note may bear interest at the lowest or highest or average of two or more interest rate formulae. The "Spread", if any, is the number of basis points designated above, and the "Spread Multiplier", if any, is the percentage designated above. The Company will pay interest monthly, quarterly, semi-annually or annually as specified above under "Interest Payment Period", commencing with the first Interest Payment Date specified above next succeeding the Original Issue Date and thereafter on the Interest Payment Dates as specified above, and on the Maturity Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in such Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered) at the close of business on the Regular Record Date for such interest set forth above (whether or not a Business Day), next preceding such Interest Payment Date; provided, however,

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

exchange, all as more fully provided in said Indenture. Payment of the principal, premium, if any, and interest on this Security will be made to the Depository, or its nominee, as Holder thereof, in accordance with arrangements then in effect between the Trustee and the Depository, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that at the option of

 the Company payment of interest (except at maturity) may be made by United States dollar check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register (which, in the case of Book-Entry Notes, will be a nominee of the Depository). Payment of the principal, premium, if any, and interest on this Security due at Maturity will be made in immediately available funds upon surrender of this Security to the Paying Agent; provided that this Security is presented to the Paying Agent in time for the

 Paying Agent to make such payment in accordance with its normal procedures. "Maturity" shall mean the date on which the principal of this Security or an installment of principal becomes due, whether on the Maturity Date specified above, upon redemption or otherwise.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS SECURITY SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS IF SET FORTH IN FULL AT THIS PLACE.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof, directly or through an Authenticating Agent, by manual signature of an authorized officer, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

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

Dated: ASHLAND INC.

By _____
 Treasurer

[Seal] Attest: _____
 Assistant Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

Dated:

U.S. BANK National Association

As Trustee

By _____
Authorized Signatory

[Form of Reverse]

ASHLAND INC.
MEDIUM-TERM, SERIES K

(Floating Rate)

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of (herein called the "Indenture"), between the Company and U.S. Bank National Association, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), to which Indenture and all indentures supplemental thereto reference is hereby made for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof.

This Security may not be redeemed prior to the Redemption Date set forth on the face hereof. If no Redemption Date is so set forth, this Security is not redeemable prior to the Maturity Date. On or after the Redemption Date set forth on the face hereof, this Security is redeemable in whole or in part in increments of U.S. \$1,000 at the option of the Company at a redemption price equal to 100% of the principal amount to be redeemed together with interest thereon to the date of redemption.

Notice of redemption will be given by mail to Holders of Securities, not more than 60 nor less than 30 days prior to the date fixed for redemption, all as provided in the Indenture.

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

The Securities of this series will not have a sinking fund unless otherwise specified in the applicable pricing supplement.

Commencing with the first Interest Reset Date specified on the face hereof following the Original Issue Date, the rate at which interest on this Security is payable shall be adjusted daily, weekly, monthly, quarterly, semi-annually or annually as shown on the face hereof under "Interest Rate Reset Period"; provided, however, that the interest rate in effect hereon for the 10

 days immediately prior to the Maturity hereof, shall be that in effect on the 10th day preceding the Maturity hereof. Each such adjusted rate shall be applicable on and after the Interest Reset Date to which it relates, to but not including the next succeeding Interest Reset Date or until Maturity, as the case may be. If any Interest Reset Date specified on the face hereof would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if (i) the rate of interest on the Security shall be determined in accordance with the provisions of the heading "Determination of LIBOR" below, and (ii) such London Banking Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding London Banking Day. "Business Day" means any day, other than a Saturday or Sunday, that meets each of the following applicable requirements. The day is: (a) not a day on which banking institutions are authorized or required by law or regulation to be closed in The City of New York, (b) with respect to LIBOR Notes, a London Banking Day, (c) with respect to Foreign Currency Notes (other than Foreign Currency Notes denominated in euro only), not a day on which banking institutions are authorized or required by law or regulation to be closed in the principal financial center in the country of the Specified Currency and (d) with respect to Foreign Currency Notes denominated in euro, any date on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open. "London Banking Day" means any day on which dealings in deposits in United States dollars are transacted in the London interbank market. Subject to applicable provisions of law and except as specified herein, on each Interest Reset Date, the rate of interest on this Security shall be the rate determined in accordance with the provisions of the applicable heading below.

The interest rate on this Security will in no event be higher than the maximum rate permitted by New York

law as the same may be modified by United States law of general applicability.

DETERMINATION OF COMMERCIAL PAPER RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the Commercial Paper Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Commercial Paper Rate" means, with respect to each Interest Determination Date specified on the face hereof, the Money Market Yield (calculated as described below) on such date of the rate for commercial paper having the Index Maturity specified on the face hereof as published by the Board of Governors of the Federal Reserve System in "Statistical Release H.15(519), Selected Interest Rates" ("H.15(519)") under the heading "Commercial Paper - Nonfinancial". In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Commercial Paper Rate on such Interest Determination Date will be the Money Market Yield of the rate for commercial paper having the Index Maturity specified on the face hereof as published in the daily update of H.15(519), available through the world wide web site of the Board of Governors of the Federal Reserve System at <http://www.bog.frb.fed.us/releases/h15/update> (the "H.15 Daily Update") under the heading "Commercial Paper -- Nonfinancial" (with an Index Maturity of one month or three months being deemed to be equivalent to an Index Maturity of 30 days or 90 days respectively), or any successor site or publication or heading. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or H.15 Daily Update (or in any successor publications), the Commercial Paper Rate for that Interest Determination Date will be the Money Market Yield of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the offered rates, as of 11:00 A.M., New York City time, on that Interest Determination Date, of three leading dealers of commercial paper in The City of New York selected by the Calculation Agent (which may include one or more of the Agents or their affiliates) for commercial paper having the Index Maturity specified on the face hereof placed for a non-financial issuer whose bond rating is "Aa", or the equivalent, from a nationally recognized rating agency; provided, however, that if fewer than three

 dealers selected as aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Commercial Paper Rate will be the Commercial Paper Rate in effect on such Interest Determination Date.

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

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

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

DETERMINATION OF PRIME RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the Prime Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Prime Rate" means, with respect to each Interest Determination Date specified on the face hereof, the rate set forth on such date in H.15(519) under the heading "Bank Prime Loan", or any successor publication or heading. If the rate is not published in H.15(519) prior to 3:00 P.M., New York City time, on the Calculation Date, then the Prime Rate will be the rate on such Interest Determination Date as published in H.15 Daily Update opposite the caption "Bank Prime Loan". In the event that such rate is not published in either H.15(519) or H.15 Daily Update prior to 3:00 P.M., New York City time, on such Interest Determination Date, then the Prime Rate will be determined by the Calculation Agent and will be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME1 Page, or any successor screen or page, as such bank's prime rate or base lending rate as in effect for that Interest Determination Date at 11:00 A.M. New York City time. If fewer than four such rates appear on the Reuters Screen USPRIME1 Page for the Interest Determination Date, the Prime Rate will be the arithmetic mean of the announced 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 Interest Determination Date by at least three major money center banks in The City of New York (which may include the Agents or their affiliates) selected by the Calculation Agent. If fewer than two such quotations are provided, the Prime Rate shall be determined on the basis of the rates furnished in The City of New York 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 \$500 million and being subject to supervision or examination by

federal or state authority, selected by the Calculation Agent to provide such rate or rates; provided, however, that if the banks selected as aforesaid are

 not quoting as mentioned in this sentence, the Prime Rate will be the Prime Rate then in effect on such Interest Determination Date.

"Reuters Screen USPRIME1 Page" means the display on the Reuter Monitor Money Rates Service (or any successor service) on the "USPRIME1" page (or such other page as may replace the USPRIME1 page on such service) for the purpose of displaying prime rates or base lending rates of major United States banks.

DETERMINATION OF LIBOR. The interest rate payable with respect to this Security shall be calculated with reference to LIBOR and the Spread or Spread Multiplier, if any, specified on the face hereof. "LIBOR" will be determined with respect to each Interest Determination Date specified on the face hereof by the Calculation Agent in accordance with the following provisions:

(i) With respect to each Interest Determination Date, LIBOR will be either (a) if "LIBOR Reuters" is specified on the face hereof, the arithmetic mean of the offered rates for deposits in the Index Currency having the Index Maturity specified on the face hereof, commencing on the applicable Interest Reset Date, that appear (or, if only a single rate is required as aforesaid, appears) on the Designated LIBOR Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, if at least two of these offered rates appear on the Designated LIBOR Page (if the Designated LIBOR Page by its terms provides for only a single rate, that single rate will be used regardless of the foregoing provisions requiring more than one rate), (b) if "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the rate for deposits in the Index Currency having the Index Maturity specified on the face hereof, commencing on such Interest Reset Date, that appears on the Designated LIBOR Page as of 11:00 A.M., London time, on such Interest Determination Date or (c) if neither "LIBOR REUTERS" nor "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the rate as if "LIBOR Telerate" had been so specified. If fewer than two such offered rates so appear, or if no such rate so appears, as applicable, LIBOR on such Interest Determination Date will be determined in accordance with the provisions described in clause (ii) below.

(ii) With respect to an Interest Determination Date on which fewer than two offered rates appear, or no rate appears, as the case may be, on the Designated LIBOR Page as specified in clause (i) above, the Calculation Agent will request the principal London office of each of four major reference banks in the London interbank market, as selected by the Calculation Agent, to provide the Calculation Agent with its offered quotation for deposits in the Index Currency for the period of the Index Maturity specified on the face hereof, commencing on the applicable Interest Reset Date, to prime banks in the London interbank market at approximately 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 Index Currency in such market at such time. If at least two such quotations are so provided, then LIBOR on such Interest Determination Date will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, then LIBOR on such Interest Determination Date will be the arithmetic mean of the rates quoted at approximately 11:00 A.M., in the applicable Principal Financial Center, on such Interest Determination Date by three major banks in such Principal Financial Center (which may include the Agents or their affiliates) selected by the Calculation Agent for loans in the Index Currency to leading European banks, having the Index Maturity specified on the face hereof and in a principal amount that is representative for a single transaction in such Index 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 as of such LIBOR Interest Determination Date will be LIBOR in effect on such Interest Determination Date.

"Designated LIBOR Page" means (a) if "LIBOR Reuters" is specified on the face hereof, the display on the Reuter Monitor Money Rates Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London interbank rates of major banks for the applicable Index Currency, or (b) if "LIBOR Telerate" is specified on the face hereof as the method for calculating LIBOR, the display on the Dow Jones Telerate Service (or any successor service) on the page specified on the face hereof (or any other page as may replace such page on such service) for the purpose of displaying the London

interbank rates of major banks for the applicable Index Currency.

"Principal Financial Center" means the capital city of the country issuing the Index Currency, except that with respect to United States dollars, Australian dollars, Deutsche marks, Dutch guilders, Italian lire and Swiss francs, the Principal Financial Center shall be The City of New York, Sydney, Frankfurt, Amsterdam, Milan and Zurich, respectively.

DETERMINATION OF TREASURY RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the Treasury Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Treasury Rate" means, with respect to each Interest Determination Date, the rate from the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity specified on the face hereof as such rate appears on the display designated as Page 56 or the display designated as Page 57 on the Dow Jones Telerate Service under the heading "AVGE INVEST YIELD", or any successor publication or heading, or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, the auction average rate (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for such auction as otherwise announced by the United States Department of the Treasury. In the event that the results of the auction of Treasury bills having the Index Maturity specified on the face hereof are not published or reported as provided above by 3:00 P.M., New York City time, on such date, or if no such auction is held in a particular week, then the Treasury Rate shall be the rate as published in H.15(519) under the heading "U.S. Government Securities/Treasury Bills/Secondary Market", or any successor publication or heading. In the event that such rate is not so published by 3:00 P.M., New York City time, on the relevant Calculation Date, then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the secondary market bid rates as of approximately 3:30 P.M., New York City time, on such Interest Determination Date, of three leading primary United States government securities dealers in The City of New York selected by the Calculation Agent (which may include one or more of the Agents or their affiliates), for the issue of

Treasury bills with a remaining maturity closest to the specified Index Maturity; provided, however, that if fewer than three of the dealers selected as

 aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on such Interest Determination Date.

DETERMINATION OF FEDERAL FUNDS RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the Federal Funds Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "Federal Funds Rate" means, with respect to each Interest Determination Date, the rate on such date for Federal Funds as published in H.15(519) under the heading "Federal Funds (Effective)", or any successor publication or heading. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination Date, then the Federal Funds Rate will be the rate on such Interest Determination Date for United States dollar federal funds as published in H.15 Daily Update under the heading "Federal Funds (Effective)", or any successor publication or heading. If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or H.15 Daily Update (or in any successor publications), the Federal Funds Rate for that Interest Determination Date shall be the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the rates for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York as of 9:00 a.m., New York City time, on such Federal Funds Rate Interest Determination Date; provided,

 however, that if fewer than three brokers selected as aforesaid by the

 Calculation Agent are quoting as mentioned in this sentence, the Federal Funds Rate will be the Federal Funds Rate in effect on such Interest Determination Date.

DETERMINATION OF CD RATE. The interest rate payable with respect to this Security shall be calculated by the Calculation Agent with reference to the CD Rate and the Spread or Spread Multiplier, if any, specified on the face hereof. "CD Rate" means, with respect to each CD Rate Interest Determination Date, the rate on such date for negotiable certificates of deposit having the Index Maturity specified on the face hereof as published in H.15(519) under the heading "CDs (Secondary Market)", or any successor publication or heading. In the event that such rate is not published prior to 3:00 P.M., New York City time, on the Calculation Date pertaining to such Interest Determination

Date, then the CD Rate shall be the rate on such Interest Determination Date set forth in H.15 Daily Update for that day in respect of negotiable certificates of deposit having the Index Maturity specified on the face hereof under the caption "CDs (Secondary Market)". If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or H.15 Daily Update (or in any successor publications), the CD Rate for that Interest Determination Date shall be calculated by the Calculation Agent and shall be the arithmetic mean of the secondary market offered rates, as of 10:00 A.M., New York City time, on that Interest Determination Date, of three leading nonbank dealers of negotiable U.S. dollar certificates of deposit in The City of New York, selected by the Calculation Agent, for negotiable certificates of deposit of major United States money market banks of the highest credit standing, in the market for negotiable certificates of deposit, with a remaining maturity closest to the Index Maturity specified on the face hereof in a denomination of \$5,000,000; provided, however, that if fewer than three dealers selected as

 aforesaid by the Calculation Agent are quoting as mentioned in this sentence, the CD Rate will be the CD Rate in effect on such Interest Determination Date.

Notwithstanding the foregoing, the interest rate hereon shall not be greater than the Maximum Interest Rate, if any, or less than the Minimum Interest Rate, if any, shown on the face hereof. The Calculation Agent shall calculate the interest rate on this Security in accordance with the foregoing on or before each Calculation Date and shall promptly thereafter notify the Company and the Trustee of such interest rate. Any such calculation by the Calculation Agent shall be conclusive and binding on the Company, the Trustee and the Holder of this Security, absent manifest error.

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

If any Interest Payment Date specified on the face hereof would otherwise be a day that is not a Business Day, the Interest Payment Date shall be postponed to the next day that is a Business Day, except that if (i) the rate of interest on this Security shall be determined in accordance with the provisions of the heading "Determination of LIBOR" above and (ii) such Business Day is in the next succeeding calendar month, such Interest Payment Date (other than an

Interest Payment Date at Maturity) shall be the immediately preceding Business Day.

The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest on the Security shall be determined in accordance with the provisions of the headings "Determination of Commercial Paper Rate", "Determination of Prime Rate", "Determination of Federal Funds Rate" or "Determination of CD Rate" above will be the second Business Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest on this Security shall be determined in accordance with the provisions of the heading "Determination of LIBOR" above will be the second London Banking Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date if the rate of interest on the Security shall be determined in accordance with the provisions of the heading "Determination of Treasury Rate" above (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 the 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 Interest Reset Date occurring 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.

The Calculation Date, if applicable, pertaining to any Interest Determination Date shall be the first to occur of (a) the tenth calendar day after the Interest Determination Date, or, if that day is not a Business Day, the next succeeding Business Day or (b) the Business Day preceding the applicable Interest Payment Date or Maturity of that Note, as the case may be. However, LIBOR will be calculated on the LIBOR Interest Determination Date.

Interest payments for this Security will include interest accrued to but excluding the Interest Payment Date. Accrued interest hereon from and including the Original Issue Date, or from but excluding the last date to which interest hereon has been paid or duly provided for, as the case may be, will be an amount calculated by multiplying the face amount hereof by an accrued interest factor. Such

accrued interest factor will be computed by adding the interest factor calculated for each day from and including the Original Issue Date, or from but excluding the last date to which interest shall have been paid or duly provided for, as the case may be, to and including the date for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) for each such day will be computed by dividing the interest rate (expressed as a decimal rounded upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) applicable to such day by 360, in the case of the Commercial Paper Rate, the Prime Rate, LIBOR, the Federal Funds Rate or the CD Rate, or by the actual number of days in the year, in the case of the Treasury Rate. The interest factor for Floating Rate Notes for which two or more interest rate formulae are applicable will be calculated in the same manner as if only the lowest, highest or average of, as the case may be, such interest rate formulae applied.

Subject to a number of important qualifications and exceptions set forth in the Indenture, the Indenture provides that neither the Company nor any Subsidiary (as defined in the Indenture) will (i) issue, assume or guarantee any notes, bonds, debentures or other similar evidences of indebtedness for money borrowed secured by a mortgage, lien, pledge or other encumbrance upon any real or personal property located in the continental United States of America without effectively providing that the Securities will be secured equally and ratably with (or, at the option of the Company, prior to) such indebtedness so long as such indebtedness shall be so secured or (ii) enter into any Sale and Lease-Back Transactions (as defined in the Indenture).

The Indenture also provides that the Company at its option (a) will be Discharged (as such term is defined in the Indenture) from any and all obligations in respect of the Securities (except for certain obligations to register the transfer or exchange of Securities, replace stolen, lost or mutilated securities, maintain paying agencies and hold moneys for payment in trust) or (b) need not comply with certain restrictive covenants of the Indenture, if there is deposited with the Trustee, in the case of Securities denominated in U.S. dollars, U.S. Government Obligations (as defined in the Indenture) or, in the case of Securities denominated in a foreign currency, Foreign Government Securities (as defined in the Indenture), which through the payment of interest thereon and principal thereof in accordance with their terms will provide money or a

combination of money and U.S. Government Obligations or Foreign Government Securities, as the case may be, in an amount sufficient to pay in the currency, currencies or currency unit or units in which the Securities are payable, all the principal, premium, if any, and interest on, the Securities on the dates such payments are in accordance with the terms of the Securities.

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

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of 66 2/3% in principal amount of the Securities at the time Outstanding of each series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in principal amount of the Securities of each series at the time outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration or transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As set forth in, and subject to, the provisions of the Indenture, no Holder of any Security of this series will have any right to institute any proceeding with respect to the Indenture or for any remedy thereunder, unless such Holder shall have previously given to the Trustee written notice of a continuing Event of Default with respect to this series, the Holders of not less than 25% in principal amount of the Outstanding Securities of this series shall have made written request, and offered reasonable indemnity, to the Trustee to institute such proceeding as trustee, the Trustee shall not have received from the Holders of a majority in principal amount of the Outstanding Securities of this series a direction inconsistent with such request and the Trustee shall have failed to institute such proceeding within 60 days; provided, however, that

such limitations do

not apply to a suit instituted by the Holder hereof for the enforcement of payment of the principal, premium, if any, or interest on this Security on or after the respective due dates expressed herein.

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

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable in the Security Register, upon surrender of this Security for registration of transfer at the corporate trust office of the Trustee or such other office or agency as may be designated by the Company in Cincinnati, Ohio, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities of this Series and of like tenor, of authorized denominations and with like terms and conditions and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The Securities of this series are issuable only in registered form, without coupons, in denominations of \$1,000 and any integral multiple of \$1,000 in excess thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor of a different authorized denomination and with like terms and conditions, as requested by the Holder surrendering the same.

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

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

The Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

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

ABBREVIATIONS

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

TEN COM-as tenants	UNIF GIFT MIN ACT.....Custodian.....
in common	(Cust) (Minor)
TEN ENT-as tenants	Under Uniform Gifts to Minors Act
by the entireties	
JT TEN-as joint tenants
with right of	(State)
survivorship and	
not as tenants in common	

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

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

Please Insert Social Security or Other Identifying Number of Assignee

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS INCLUDING POSTAL ZIP CODE OF ASSIGNEE

the within Security and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney to transfer said Security on the books of the Company, with full power of substitution in the premises.

Dated: _____ Signature

[LETTERHEAD OF ASHLAND INC.]

September 7, 2001

Ashland Inc.
50 E. RiverCenter Boulevard
Covington, KY 41012

Dear Sirs:

As Vice President and General Counsel of Ashland Inc., a Kentucky corporation (the "Company"), I have examined and am familiar with the Second Restated Articles of Incorporation of the Company, as amended, and the By-laws of the Company, as amended. I am also familiar with the corporate proceedings taken by the Board of Directors to authorize the Registration Statement on Form S-3 (the "Registration Statement") being filed by the Company on the date hereof with the Securities and Exchange Commission under the Securities Act of 1933 (the "Securities Act") with respect to \$600,000,000 aggregate initial offering price of unsecured debt securities, which may be either senior or subordinated debt securities (the "Debt Securities"), shares of cumulative preferred stock, without par value (the "Preferred Stock"), depositary shares (the "Depositary Shares"), shares of common stock, par value \$1.00 per share (the "Common Stock") and warrants to purchase Debt Securities, Preferred Stock or Common Stock (the "Warrants"), for issuance from time to time pursuant to Rule 415 under the Securities Act.

In connection with the foregoing, I have examined originals, or copies certified or otherwise identified to my satisfaction, of such documents, corporate records and other instruments as I have deemed necessary or appropriate for the purpose of this opinion.

Based upon the foregoing, I am of the opinion that:

1. When the Debt Securities have been duly authorized by appropriate corporate authorization and executed, authenticated and delivered against payment therefor, such Debt Securities will be validly issued and will constitute binding obligations of the Company in accordance with their terms, subject to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' rights generally from time to time in effect.

2. When the Preferred Stock, the Common Stock and the Depositary Shares have been duly authorized by appropriate corporate authorization and when issued, such Preferred Stock, Common Stock, and Depositary Shares will be validly issued, fully paid and nonassessable.

3. When the Warrants have been duly authorized by appropriate corporate authorization and executed, countersigned and delivered against payment therefor, such Warrants will be validly issued and will constitute binding obligations of the Company in accordance with their terms, subject to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' rights generally from time to time in effect.

I know that I am referred to under the heading "Legal Matters" in the Registration Statement, and I consent to such use of my name in the Registration Statement and to the use of this opinion for filing as an exhibit to the Registration Statement.

Very truly yours,

David L. Hausrath

Consent of Independent Auditors

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectus dated September 7, 2001 of Ashland Inc. and consolidated subsidiaries (Ashland) and to the incorporation by reference therein of our report dated November 1, 2000, with respect to the consolidated financial statements and schedule of Ashland, included in its Annual Report on Form 10-K (as amended by Form 10-K/A, amendment No.1) for the year ended September 30, 2000.

/s/ ERNST & YOUNG LLP

Cincinnati, Ohio
September 5, 2001

Exhibit 23.2 - Consent of PricewaterhouseCoopers LLP

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-3 and related Prospectus dated September 7, 2001 of Ashland Inc. of our report dated February 7, 2001, relating to the financial statements of Marathon Ashland Petroleum LLC, which appears in Ashland Inc.'s Annual Report on Form 10-K/A Amendment No.1 for the fiscal year ended September 30, 2000.

PricewaterhouseCoopers LLP
Pittsburgh, PA

September 7, 2001

Consent of Independent Auditors

We consent to the reference to our firm under the caption "Experts" in the Registration Statement (Form S-3) and related Prospectus dated September 7, 2001 of Ashland Inc. and consolidated subsidiaries (Ashland) and to the incorporation by reference therein (i) of our report dated January 24, 2001, with respect to the consolidated financial statements of Arch Coal, Inc., and (ii) of our opinion dated March 28, 2001 with respect to the consolidated financial schedule of Arch Coal, Inc., included in Ashland's Annual Report on Form 10-K (as amended by Form 10-K/A, amendment No.1) for the year ended September 30, 2000.

/s/ ERNST & YOUNG LLP

St. Louis, Missouri
September 5, 2001

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each of the undersigned Directors and Officers of ASHLAND INC., a Kentucky corporation, which is about to file a Registration Statement on Form S-3 for the registration of up to \$600,000,000 of common stock, preferred stock, depositary shares, debt securities, warrants to purchase equity securities or warrants to purchase debt securities or any combination thereof with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1933, as amended, hereby constitutes and appoints PAUL W. CHELLGREN, DAVID L. HAUSRATH, and LINDA L. FOSS and each of them, his or her true and lawful attorneys-in-fact and agents, with full power to act without the others, to sign and file such Registration Statement and the exhibits thereto and any and all amendments thereof and any and all other documents in connection therewith with the Securities and Exchange Commission, and to do and perform any and all acts and things requisite and necessary to be done in connection with the foregoing as fully as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, may lawfully do or cause to be done by virtue hereof.

Dated: March 20, 2001

Paul W. Chellgren, Chairman of the Board
and Chief Executive Officer

Ralph E. Gomory, Director

J. Marvin Quin, Senior Vice President
and Chief Financial Officer

Bernadine P. Healy, Director

Kenneth L. Aulen, Administrative Vice President,
Controller and Principal Accounting Officer

Mannie L. Jackson, Director

Samuel C. Butler, Director

Patrick F. Noonan, Director

Frank C. Carlucci, Director

Jane C. Pfeiffer, Director

Ernest H. Drew, Director

William L. Rouse, Jr., Director

James B. Farley, Director

Theodore L. Solso, Director

EXCERPT FROM
ASHLAND INC.
MINUTES OF BOARD OF DIRECTOR'S MEETING
MARCH 15, 2001

UNIVERSAL SHELF REGISTRATION

WHEREAS, on March 16, 2000, the Board of Directors authorized Ashland Inc. ("the Corporation") to issue from time to time, securities (the "2000 Authorized Securities"), not exceeding \$600,000,000 in the aggregate principal amount; the 2000 Authorized Securities may take the form of common stock, preferred stock, debt securities, depositary shares, warrants to purchase equity securities or warrants to purchase debt securities or any combination of the foregoing;

WHEREAS, pursuant to the March 16, 2000 Board resolutions, the Corporation filed with the Securities and Exchange Commission (the "Commission") a Form S-3 Registration Statement No. 333-36888 under the Securities Act of 1933, as amended (the "1933 Act") (the "2000 Registration Statement");

WHEREAS, pursuant to the March 16, 2000 Board resolutions, the Corporation filed with the Commission on May 19, 2000, a Prospectus Supplement to the Form S-3 Registration Statement No. 333-36888;

WHEREAS, the Corporation issued \$300,000,000 Series J Medium Term Notes and there remains to be issued \$300,000,000 undesignated aggregate principal amount under the 2000 Registration Statement;

WHEREAS, the Corporation desires to expand the availability of issuance of securities by authorizing an additional amount of securities, which is sufficient at the time such increase is implemented to reestablish the aggregate principal amount available to the Corporation to an amount not exceeding \$600,000,000 (such additional amount being designated the "2001 Authorized Securities" and the entire \$600,000,000 of authorized securities, the "Securities");

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby authorizes the issuance by the Corporation of the Securities; provided that: (i) the total issuance shall not exceed \$600,000,000 in aggregate principal amount, (ii) equity securities issued shall comply with the applicable limitation contained in Rule 415(a)(4)(ii) promulgated under the 1933 Act, and (iii) equity securities or warrants to purchase equity securities of the Corporation shall be issued only with the prior approval of the Board of Directors;

RESOLVED, that the Chairman of the Board, the President, any Vice President, the Treasurer and any Assistant Treasurer (the "Authorized Officers") be, and each of them is, hereby authorized, acting singly, to prepare, execute and file, their execution thereof to be the conclusive evidence of such approval, for and on behalf of the Corporation with the Commission and any other governmental agencies as may, in the opinion of the Corporation's counsel, be required or appropriate, (a) a Registration Statement covering the Securities (the "2001 Registration Statement") and any and all amendments thereto, (b) any Prospectus or Prospectus Supplements, and (c) an application on Form 8-A for the registration under the Securities Exchange Act of 1934, as amended, of the Securities and any and all amendments thereto;

RESOLVED, the Authorized Officers be, and each of them is, hereby authorized, acting singly, to approve the following matters relating to debt securities or warrants to purchase debt securities issuable under the 2001 Registration Statement (the "Debt Securities"): (a) the amount, timing and the general terms of an offering or offerings of the Debt Securities; (b) all specific terms, conditions and provisions with respect to such Debt Securities, including without limitation, title, interest rate, maturity, redemption features, sinking fund provisions, if any; and (c) all other actions necessary or appropriate in order to implement such offering or offerings; provided, however, that without derogating from the binding effect of the above, it is understood that the oral concurrence by the majority of the members of the Finance Committee of the Board of Directors with respect to (a) above shall be obtained prior to the issuance of any Debt Securities other than medium term notes;

RESOLVED, that the Authorized Officers be, and each of them is, hereby authorized, acting singly, to negotiate, execute, acknowledge, deliver and perform in the name and on behalf of the Corporation, one or more Underwriting Agreements or Distribution Agreements between the Corporation and one or more underwriters or agents in connection with the issuance of the Securities to be sold under the 2001 Registration Statement of the Corporation, having such form and containing such terms and conditions not inconsistent with these resolutions of the Board;

RESOLVED, that the Corporation may issue and sell the Securities registered under the 2001 Registration Statement under and pursuant to one or more indentures, including but not limited to the Indenture dated as of August 15, 1989, as amended and restated as of August 15, 1990, entered into between the Corporation and Citibank, N.A., or such other indentures that the Corporation may enter into with a bank or trust company from time to time;

RESOLVED, that the Authorized Officers be, and each of them is, hereby authorized, acting singly, to make application to the New York Stock Exchange and Chicago Stock Exchange for the listing thereon of the Securities sold under the Registration Statement and in connection therewith to execute, in the name and on behalf of the Corporation, and deliver and file, all such applications, agreements and other papers as shall be necessary to accomplish such listings;

RESOLVED, that it is desirable and in the best interest of the Corporation that its securities be qualified or registered for sale in various states; that any Authorized Officer be, and each of them is, hereby authorized, acting singly, to determine the states in which appropriate action shall be taken to qualify or register for issue, offer, sale or trade all or such part of the Securities as any Authorized Officer may deem advisable; that the Authorized Officers be, and each of them is, hereby authorized, acting singly, to perform on behalf of the Corporation any and all acts as they may deem necessary or advisable in order to comply with the applicable laws of any such states, and in connection therewith to execute and file all requisite papers and documents, including, but not limited to, applications, reports, surety bonds, irrevocable consents and appointments of attorneys for service of process; and that the execution by any Authorized Officer of any such paper or document or the doing of any act in connection with the foregoing matters shall conclusively establish their authority therefor from this Corporation and the approval and ratification by this Corporation of the papers and documents so executed and the action so taken;

FURTHER RESOLVED, that the Authorized Officers be, and each of them hereby is, authorized to take all such further action and to execute all such further instruments and documents, in the name and on behalf of the Corporation which in their judgment may be necessary, proper or advisable to accomplish the purposes of the foregoing resolutions.

CERTIFICATION

The undersigned certifies that she is an Assistant Secretary of ASHLAND INC. ("ASHLAND"), a Kentucky corporation, and that, as such, she is authorized to execute this Certificate on behalf of ASHLAND and further certifies that attached is a true and correct copy of an excerpt of the minutes of a meeting of the Board of Directors of ASHLAND duly called, convened, and held on March 15, 2001 at which a quorum was present and acting throughout.

IN WITNESS WHEREOF, I have signed this Certification this 7th day of September 2001.

/s/ LINDA L. FOSS

Linda L. Foss
Assistant Secretary

Securities Act of 1933 File No. _____

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE
PURSUANT TO SECTION 305(b) (2) / X /

U.S. BANK, NATIONAL ASSOCIATION
(Exact name of trustee as specified in its charter)
A National Banking Association 31-0841368

(IRS Employer Identification No.)
425 Walnut Street
Cincinnati, Ohio 45202

(Address of Principal Executive Offices) (Zip Code)

Robert T. Jones
Vice President and Trust Officer
U. S. Bank National Association
425 Walnut Street
Cincinnati, Ohio 45202
(513) 632-4427
(Name, address, and telephone number of agent for services)

Ashland Inc.
(Exact name of obligor as specified in its charter)

(State of Incorporation) (IRS Employer Identification No.)

(Address of principal executive offices) (Zip Code)

Medium Term Note
(Title of the Indenture securities)

1. General Information. Furnish the following information as Trustee --

- (a) Name and address of each examining or supervising authority to which it is subject.
 Comptroller of the Currency, Washington, D.C.
 Federal Reserve Bank of Cleveland, Ohio
 Federal Deposit Insurance Corporation, Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.

The Trustee is authorized to exercise corporate trust powers.

2. Affiliations with obligor. If the obligor is an affiliate of the trustee,

describe each such affiliation.

The obligor is not an affiliate of the Trustee (including its parent and any affiliates).

3. Voting Securities of the trustee. Furnish the following information as to

each class of voting securities of the trustee (and its parent).

As of _____ (insert date within 31 days)

Col A.

Col B

(Title of Class)

(Amount Outstanding)

4. Trusteeships under other Indentures. If the trustee is a

trustee under another Indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

(b) A brief statement of the facts relied upon as a basis for the claim that no conflicting interest within the meaning of Section 310(b) (1) of the Act arises as a result of the trusteeship under any such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

5. Interlocking directorates and similar relationships with the

obligor or underwriters. If the trustee (including its parent

and any other affiliates) or any of the directors or executive officers of the trustee is a director, officer, partner, employee, appointee, or representative of the obligor or of any underwriter for the obligor, identify each such person having any such connection and state the nature of each such connection.

6. Voting securities of the trustee (including its parent and any affiliate)

owned by

the obligor or its officials. Furnish the following information as to

the voting securities of the trustee (including its parent and any affiliates) owned beneficially by the obligor and each director, partner and executive officer of the obligor:

As of _____ (insert date within 31 days)

Col. A.	Col. B.	Col. C	Col. D
Name of Owner	Title of Class	Amount Owned Beneficially	Percentage of Voting Securities Represented by Amount Given in Col. C

7. Voting securities of the trustee (including its parent and any affiliates) owned by underwriters or their officials. Furnish the following

information as to the voting securities of the trustee (including its parent and any affiliates) owned beneficially by each underwriter for the obligor and each director, partner, and executive officer of each such underwriter:

As of _____ (insert date within 31 days)

Col. A.	Col. B.	Col. C	Col. D
Name of Owner	Title of Class	Amount Owned Beneficially	Percentage of Voting Securities Represented by Amount Given in Col. C

8. Securities of the obligor owned or held by the trustee (including its parent and any affiliates). Furnish the following information as to securities of the obligor owned beneficially or held as collateral security for obligations default by the trustee (including its parent and any affiliates):

As of _____ (insert date within 31 days)

Col. A	Col. B	Col. C	Col. D
Title of Class	Whether the Securities Are Voting or Nonvoting Securities	Amount Owned Beneficially or Held as Collateral Security for obligations in Default	Percent of Class Represented by Amount Given in Col. C

9. Securities of underwriters owned or held by the trustee (including its parent and any affiliates). If the trustee (including its parent and any affiliates) owns beneficially or holds as collateral security for obligations in default any securities of an underwriter for the obligor, furnish the following information as to each class of securities of such underwriter any of which are so owned or held by the trustee:

Col. A	Col. B	Col. C	Col. D
		Amount Owned	
		Beneficially or	
		Held as Collateral	Percent of
		Security for	Class Represented
Title of Issuer		Obligations in	by Amount
and Title of	Amount	Default by	Given in
Class	Outstanding	Trustee	Col. C

10. Ownership or holdings by the trustee (including its parent and any affiliates) of voting securities of certain affiliates or security holders of the obligor. If the trustee (including its parent and any affiliates) owns beneficially or holds as collateral security for obligations in default voting securities of a person who, to the knowledge of the trustee (1) owns 10% or more of the voting securities of the obligor or (2) is an affiliate, other than a subsidiary, of the obligor, furnish the following information as to the voting securities of such person:

As of _____ (insert date within 31 days)

Col. A	Col. B	Col. C	Col. D
		Amount Owned	
		Beneficially or	
		Held as Collateral	Percent of
		Security for	Class Represented
Title of Issuer		Obligations in	by Amount
and Title of	Amount	Default by	Given in
Class	Outstanding	Trustee	Col. C

11. Ownership or holdings by the trustee (including its parent and any affiliates) of any securities of a person owning 50 percent or more of the voting securities of the obligor. If the trustee (including its parent and any affiliates) owns beneficially or holds as collateral security for obligations in default any securities of a person who, to the knowledge of the trustee, owns 50 percent or more of the voting securities of the obligor, furnish the following information as to each class of securities of such person any of which are so owned or held by the trustee (including its parent and affiliates):

As of _____(insert date within 31 days)

Col. A	Col. B	Col. C	Col. D
Title of Issuer and Title of Class	Amount Outstanding	Amount Owned Beneficially or Held as Collateral Security for Obligations in Default by Trustee	Percent of Class Represented by Amount Given in Col. C

12. Indebtedness of the Obligor to the Trustee. Except as noted in the

instructions, if the obligor is indebted to the trustee, furnish the
following information:

As of _____(insert date with 31 days)

Col. A	Col. B	Col. C
Nature of Indebtedness	Amount Outstanding	Due Date

13. Defaults by the Obligor.

- a) State whether there is or has been a default with respect to the securities under this indenture. Explain the nature of any such default.
- b) If the Trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, or is trustee for more than one outstanding series or securities under the indenture, state whether there has been a default under any such indenture or series, identify the indenture or series affected, and explain the nature of any such default.

As of _____ (insert date within 31 days)

Col. A	Col. B	Col. C	Col. D
Title of Issuer and Title of Class	Amount Outstanding	Amount Owned Beneficially or Held as Collateral Security for Obligations in Default by Trustee	Percent of Class Represented by Amount Given in Col. C

14. Affiliations with the Underwriters. If any underwriter is an affiliate of -----
the trustee (including its parent and any affiliates), described each such affiliation.
15. Foreign Trustee. Identify the order or rule pursuant to which the foreign -----
trustee is authorized to act as sole trustee under indentures qualified or to be qualified under the Act.
16. List of Exhibits. List below all exhibits filed as part of this statement -----
of eligibility.
1. Office of the Comptroller of the Currency Amendment Letter.
 2. Office of the Comptroller of the Currency Amendment Letter
 3. A copy of the Articles of Association of Firststar Bank, National Association, as now in effect.
 4. A copy of the certificate of authority of The First National Bank of Cincinnati (now Star Bank, National Association) to commence business dated September 1, 1922.
 5. A copy of the authorization of The First National Bank of Cincinnati (now Star Bank, National Association) to exercise corporate trust powers.
 6. A copy of existing By-Laws to Star Bank, National Association (now Firststar Bank, National Association)
 7. The consent of the Trustee required by section 321 (b) of the Trust Indenture Act of 1939.
 8. A copy of the latest report of condition of Firststar Bank, National Association, published pursuant to law or the requirements of its supervising or examining authority.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the Trustee, U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Cincinnati and State of Ohio on the 5th day of September, 2001.

U.S. BANK NATIONAL ASSOCIATION

By: /S/ Robert T. Jones

Robert T. Jones
Vice President and Trust Officer

Comptroller of the Currency
Administrator of National Banks

Central District Office
One Financial Place
440 South LaSalle Street
Chicago, Illinois 60605

August 9, 2001

Ms. Karen J. Canon
General Corporate Counsel
U.S. Bancorp
U.S. Bank Place, MPFP2802
601 Second Avenue South
Minneapolis, Minnesota 55402-4302

Dear Ms. Canon:

This letter is the official certification of the Comptroller of the Currency (OCC) for the merger of U.S. Bank National Association OR, Canby, Oregon, OCC Charter Number 23714 into U.S. Bank National Association, Minneapolis, Minnesota, OCC Charter Number 13405, under the title and charter of the latter.

This letter is also the official certification of the OCC for the merger of U.S. Bank National Association, Minneapolis, Minnesota, OCC Charter Number 13405, into Firststar Bank, National Association, Cincinnati, Ohio, OCC Charter Number 24, under the charter of the latter, and the title of "U.S. Bank National Association".

It is understood that both mergers are effective as of the close of business on August 9, 2001.

This letter also constitutes official authorization of the OCC for U.S. Bank National Association to operate the main office and branches of the target institution as branches of the resulting bank following the merger. A listing of each newly authorized branch and its assigned OCC branch number is attached. Branches of a national bank target are not listed since they are automatically carried over to the resulting bank and retain their current OCC branch numbers.

If you have any questions, please contact the undersigned or National Bank Examiner David J. Rogers, at (312) 360-8867.

Sincerely,

/S/ Carolina M. Ledesma
National Bank Examiner

Comptroller of the Currency
Administrator of National Banks

Central District Office
One Financial Place, Suite 2700
440 South LaSalle Street
Chicago, Illinois 60605

February 11, 1999

Mr. Richard J. Hidy
Vice president and
Deputy General Counsel
StarBanc Corporation
425 Walnut Street
P.O. Box 1038, ML 9140
Cincinnati, OH 45201-1038

Dear Mr. Hidy:

The Office of the Comptroller of the Currency has received your letter concerning the title change and the appropriate amendment to the bank's articles of association. The Office has recorded that as of February 12, 1999, the title of Star Bank, National Association, Cincinnati, Ohio, Charter No. 24, was changed to "Firststar Bank, National Association."

As a result of the Garn-St. Germain Depository Institutions Act of 1982, the OCC is no longer responsible for the approval of national bank name changes nor does it maintain official records on the use of alternate titles. The use of other titles or the retention of the rights to any previously used title is the responsibility of the bank's board of directors. Legal counsel should be consulted to determine whether or not the new title, or any previously used title, could be challenged by competing institutions under the provisions of federal and state law.

Sincerely,

/S/ David J. Rogers
National Bank Examiner

FIRSTAR BANK, NATIONAL ASSOCIATION

CHARTER NO. 24

ARTICLES OF ASSOCIATION

FIRST: The title of this Association shall be "Firststar Bank, National Association".

SECOND: The main office of the Association shall be in the city of Cincinnati, County of Hamilton, State of Ohio. The general business of the Association shall be conducted at its main office and its branches.

THIRD: The Board of Directors of this Association shall consist of not less than five (5) nor more than twenty-five (25) shareholders, the exact number of Directors within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors.

FOURTH: The annual meeting of the shareholders for the election of Directors and the transaction of whatever other business may be brought before said meeting shall be held at the main office or such other place as the Board of Directors may designate, on the day of each year specified thereof by the Bylaws, but if no election is held on that day, it may be held on any subsequent day according to the provisions of law; and all elections shall be held according to the provisions of law; and all elections shall be held according to such lawful regulations as may be prescribed by the Board of Directors.

FIFTH: The authorized amount of capital stock of this Association shall be 3,640,000 shares of common stock of the par value of five dollars (\$5.00) each, but said capital stock may be increased or decreased from time to time, in accordance with the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of the Association shall have any pre-emptive or preferential right of subscription to any shares of any class of stock of the Association, whether now or hereafter authorized, or to any obligations convertible into stock of the Association issued or sold, nor any right of subscription to any thereof other than such, if

any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time fix.

The Association, at any time and from time to time, may authorize and issue debt obligations, whether or not subordinated, without the approval of the shareholders.

SIXTH: The Board of Directors shall appoint one of its members President of this
- - - - -

Association, who shall be Chairman of the Board, unless the Board appoints another Director to be the Chairman. The Board of Directors shall have the power to appoint one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association. The Board of Directors shall have the power to define the duties of the officers and employees of the Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of the Association shall be made; to manage and administer the business and affairs of the Association; to make all bylaws that it may be lawful for them to make and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH: The Board of Directors, without need for approval of shareholders,
- - - - -

shall have the power to change the location of the main office of this Association, subject to such limitations as from time to time may be provided by law; and shall have the power to establish or change the location of any branch or branches of the Association to any other location, without the approval of the shareholders, but subject to the approval of the Comptroller of the Currency.

EIGHTH: The corporate existence of this Association shall continue until
- - - - -

terminated in accordance with the laws of the United States.

NINTH: The Board of Directors of this Association, the Chairman of the Board,
- - - - -

the President, or any three or more shareholders owning, in the aggregate, not less than twenty-five percent of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place, and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his address as shown upon the books of this Association.

TENTH: Any person, his heirs, executors, or administrators, may be indemnified
- - - - -

or reimbursed by the Association for reasonable expenses actually incurred in connection with any action, suit, or proceeding, civil or criminal, to which he or they shall be made a party by reason of his being or having been a director, officer, or employee of the Association or of any firm, corporation, or organization which he served in any such capacity at the request of the Association. Provided, however, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding as to which he shall finally be adjudged to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his duties to the Association. And, provided further, that no person shall be so indemnified or reimbursed in relation to any matter in such action, suit, or proceeding which has been made the subject of a compromise settlement except with the approval of a court of competent jurisdiction, or the

holders of record of a majority of the outstanding shares of the Association, or the Board of Directors, acting by vote of Directors not parties to the same or substantially the same action, suit or proceeding, constituting a majority of the whole number of Directors. And, provided further, that no director, officer or employee shall be so indemnified or reimbursed for expenses, penalties or other payments incurred in an administrative proceeding or action instituted by an appropriate bank regulatory agency where said proceeding or action results in a final order TENTH (continued) assessing civil money penalties or requiring affirmative action by an individual or individuals in the form of payments to this Association. The foregoing right of indemnification shall not be exclusive of other rights to which such person, his heirs, executors, or administrators, may be entitled as a matter of law. The Association may, upon the affirmative vote of a majority of its Board of Directors, purchase insurance for the purpose of indemnifying its directors, officers and other employees to the extent that such indemnification is allowed in the preceding paragraph. Such insurance may, but need not, be for the benefit of all directors, officers, or employees.

ELEVENTH: These Articles of Association may be amended at any regular or special

meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law and in that case by the vote of the holders of such greater amount.

COPY OF THE CERTIFICATE OF AUTHORITY OF THE TRUSTEE TO COMMENCE BUSINESS:

NO. 24

E Pluribus Unum

TREASURY DEPARTMENT

Office of Comptroller of the Currency

Washington, D.C., September 1, 1992

WHEREAS, the Act of Congress of the United States, entitled, "An Act to amend section 5136, Revised Statutes of the United States, relating to corporate powers of associations, so as to provide succession thereof for a period of ninety-nine years or until dissolved, and to apply said section as so amended to all national banking association", approved by the President on July 1, 1922, provided that all national banking associations organized and operating under any law of the United States on July 1, 1922 should have succession until ninety-nine years from that date, unless such association should be sooner dissolved by the act of its shareholders owning two-thirds of its stock, or unless its franchise should become forfeited by reason of violation of law, or unless it should be terminated by an Act of Congress hereinafter enacted;

NOW THEREFORE, I, D. R. Crissinger Comptroller of the Currency, do hereby certify that The First National Bank of Cincinnati and State of Ohio, was organized and operating under the laws of the United States on July 1, 1922, and that its corporate existence was extended for the period of ninety-nine years from that date in accordance with and subject to the condition in the Act of Congress hereinbefore recited.

(SEAL)

IN TESTIMONY WHEREOF, witness my hand & seal of office this first day of

September, 1922

(Signed) D. R. Crissinger

Comptroller of the Currency

THE AUTHORIZATION OF THE TRUSTEE TO EXERCISE CORPORATE TRUST POWERS:

FEDERAL RESERVE BOARD

Washington, D.C.

October 9, 1919

Pursuant to authority vested in the Federal Reserve Board by the Act of Congress approved December 23, 1913, known as the Federal Reserve Act, as amended by the Act of September 26, 1918, the

FIRST NATIONAL BANK OF CINCINNATI

has been granted the right to act, when not in contravention of State or local law, as TRUSTEE, EXECUTOR, ADMINISTRATOR, REGISTRAR OF STOCKS AND BONDS, GUARDIAN OF ESTATES, ASSIGNEE, RECEIVER OR IN ANY OTHER FIDUCIARY CAPACITY IN WHICH STATE BANKS, TRUST COMPANIES OR OTHER CORPORATIONS WHICH COME INTO COMPETITION WITH NATIONAL BANKS ARE PERMITTED TO ACT UNDER THE LAWS OF THE STATE OF OHIO. The exercise of such rights shall be subject to regulations prescribed by the Federal Reserve Board.

Federal Reserve Board,

By W. P. G. Harding
Governor.

ATTEST:
W. T. Chapman
Secretary.

STATE OF OHIO
DEPARTMENT OF BANKS AND BANKING
Certificate of Authority No. 17
NATIONAL BANKS

I, Philip C. Berg, Superintendent of Banks, do hereby certify that the First National Bank of Cincinnati, Hamilton County, Ohio has complied with all the requirements provided by law and is authorized to transact the business of a trust company and to perform all the functions granted to such companies by the laws of this state.

Given under my hand and official Seal at Columbus,
Ohio, this twenty-fifth day of November, A.D. 1919

Philip C. Berg,
Superintendent of Banks.

(SEAL)

BY-LAWS

STAR BANK, N.A.

ARTICLE I

MEETINGS OF SHAREHOLDERS

SECTION 1. ANNUAL MEETING

The annual meeting of shareholders shall be held in the main banking house of the Association at 11:00 a.m. on the second Tuesday in February of each year. Notice of such meeting shall be mailed to shareholders not less than ten (10) nor more than sixty (60) days prior to the meeting date.

SECTION 2. SPECIAL MEETINGS

Special meetings of shareholders may be called and held at such times and upon such notice as is specified in the Articles of Association.

SECTION 3. QUORUM

A majority of the outstanding capital stock represented in person or by proxy shall constitute a quorum of any meeting of the shareholders, unless otherwise provided by law, but less than a quorum may adjourn any meeting, from time to time, and the meeting may be held as adjourned without further notice.

SECTION 4. INSPECTORS

The Board of Directors may, and in the event of its failure so to do, the Chairman of the Board shall appoint Inspectors of Election who shall determine the presence of a quorum, the validity of proxies, and the results of all elections and all other matters voted upon by shareholders at all annual and special meetings of shareholders.

SECTION 5. VOTING

In deciding on questions at meetings of shareholders, except in the election of directors, each shareholder shall be entitled to one vote for each share of stock held. A majority of votes cast shall decide each matter submitted to the shareholders, except where by law a larger vote is required. In all elections of directors, each shareholder shall have the right to vote the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate such shares and give one candidate as many votes as the number of directors multiplied by the number of his shares equal, or to distribute them on the same principle among as many candidates as he shall think fit.

SECTION 6. WAIVER AND CONSENT

The shareholders may act without notice and/or a meeting by a unanimous written consent by all shareholders.

ARTICLE II

SECTION 1. TERM OF OFFICE

The directors of this Association shall hold office for one year and until their successors are duly elected and qualified.

SECTION 2. REGULAR MEETINGS

The organization meeting of the Board of Directors shall be held as soon as practical following the annual meeting of shareholders at the main banking house. Other regular meetings of the Board of Directors shall be held without notice at 11:00 a.m. on the second Tuesday of each month except February, at the main banking house, or, provided notice is given by telegram, letter, telephone or in person to every Director, at such time and place as may be designated in the notice of the meeting. When any regular meeting of the Board falls on a holiday, the meeting shall be held on the next banking business day, unless the Board shall designate some other day.

SECTION 3. SPECIAL MEETINGS

Special meetings of the Board of Directors may be called by the Chairman of the Board of the Association, or at the request of three or more Directors. Notice of the time, place and purposes of such meetings shall be given by telegram, letter, telephone or in person to every Director.

SECTION 4. QUORUM

A majority of the entire membership of the Board shall constitute a quorum at any meeting of the Board.

SECTION 5. NECESSARY VOTE

A majority of those Directors present and voting at any meeting of the Board of Directors shall decide each matter considered, except where otherwise required by law or the Articles or By-Laws of this Association.

SECTION 6. COMPENSATION

Directors, excluding full-time employees of the Bank, shall receive such reasonable compensation as may be fixed from time to time by the Board of Directors.

SECTION 7. ELECTION-AGE LIMITATION

No person shall be elected or reelected a Director after reaching his seventieth (70th) birthday, provided that any person who is a Director on December 10, 1985, may continue to be reelected

SECTION 7. ELECTION-AGE LIMITATION (continued)

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a Director until he reaches his seventy-fifth (75th) birthday.

SECTION 8 RETIREMENT-AGE LIMITATION

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Every Director of the Bank shall retire no later than the first month next following his seventieth (70th) birthday, except for any person who was a Director on December 10, 1985, who shall retire not later than the first of the next month following his seventy-fifth (75th) birthday.

SECTION 9 DIRECTORS EMERITUS

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The Board shall have the right from time to time to choose as Directors Emeritus persons who have had prior service as members of the Board and who may receive such compensation as shall be fixed from time to time by the Board of Directors.

ARTICLE III

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OFFICERS

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SECTION 1 WHO SHALL CONSTITUTE

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The Officers of the Association shall be a Chairman of the Board, a President, a Secretary, and other officers such as Chairman of the Executive Committee, Vice Chairman of the Board, Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Secretaries, Trust Officers, Trust Investment Officers, Trust Real Estate Officers, Assistant Trust Officers, a Controller, Assistant Controller, an Auditor and Assistant Auditors, as the Board may appoint from time to time. Any person may hold two offices. The Chairman of the Board, all Vice Chairmen of the Board and the President shall at all times be members of the Board of Directors.

SECTION 2 TERM OF OFFICE

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All officers shall be elected for and shall hold office for one year and until their successors are elected and qualified, subject to the right in the Board of Directors by a majority vote of the entire membership to discharge any officer at any time.

SECTION 3. CHAIRMAN OF THE BOARD

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The Chairman of the Board shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. In addition, unless the Board of Directors shall have designated the President to be the Chief Executive Officer, the Chairman of the Board shall be the Chairman Executive Officer and shall have all the powers and duties of the Chief Executive Officer. He shall, when present, preside at all meetings of shareholders and directors and shall be ex officio a member of all committees of the Board. He shall name all members of the committees of the Board, subject to the confirmation thereof by the Board.

SECTION 3. CHAIRMAN OF THE BOARD (continued)

If he is Chief Executive Officer, in the event that there is a vacancy in the position of President or in the event of the absence or incapacity of the President, the Chairman may appoint, or in the event of his failure to do so, the Board of Directors or the Executive Committee thereof may designate any Vice Chairman of the Board, any Executive Vice President or any Senior Vice President of the Association temporarily to exercise the powers and perform the duties of the Chairman as Chief Executive Officer when the Chairman is absent or incapacitated.

If the President has been designated Chief Executive Officer by the Board of Directors, in the event that there is a vacancy in the position of the President or in the event of the absence or incapacity of the President, the Chairman shall be the Chief Executive Officer of the Association and shall have all the powers and perform all the duties of the President, including the powers to name temporarily a Chief Executive Officer to serve in the absence of the Chairman.

SECTION 4 PRESIDENT

The President shall have general executive powers and duties and shall perform such other duties as may be assigned from time to time by the Board of Directors. In addition, if designated by the Board of Directors, the President shall be the Chief Executive Officer and shall have all the powers and duties of the Chief Executive Officer, including the same power to name temporarily a Chief Executive Officer to serve in the absence of the president if there is a vacancy in the position of the Chairman or in the event of the absence or incapacity of the Chairman.

If the Chairman has been designated Chief Executive Officer by the Board of Directors, in the event that there is a vacancy in the position of the Chairman of the Board or in the event of the absence or incapacity of the Chairman of the Board, the President shall be the Chief Executive Officer of the Association and shall have all the powers and perform all the duties of the Chairman of the Board, including the same power to name temporarily a Chief Executive Officer to serve in the absence of the President.

SECTION 5 CHAIRMAN OF THE EXECUTIVE COMMITTEE

The Board of Directors shall have the power to elect a Chairman of the Executive Committee. Any such Chairman of the Executive Committee shall participate in the formation of the policies of the Association and shall have such other duties as may be assigned to him from time to time by the President or by the Board of Directors.

SECTION 6 VICE CHAIRMEN OF THE BOARD

The Board of Directors shall have the power to elect one or more Vice Chairmen of the Board of Directors. Any such Vice Chairmen of the Board shall participate in the formation of the policies of the Association and shall have such other duties as may be assigned to him from time to time by the Chairman of the Board or by the Board of Directors.

SECTION 7 OTHER OFFICERS
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The Secretary and all other officers appointed by the Board of Directors shall have such duties as defined by law and as may from time to time be assigned to them by the Chief Executive Officer or the Board of Directors.

SECTION 8 RETIREMENT
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Every officer of the Association shall retire not later than the first of the month next following his sixty-fifth (65th) birthday. The Board of Directors may, in its discretion, set the retirement date and terms of retirement of an officer at a date later than provided above.

ARTICLE IV

COMMITTEES

SECTION 1 EXECUTIVE COMMITTEE
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There shall be a standing committee of Directors in this Association to be known as the Executive Committee. This Committee shall meet at 11:00 a.m. on the first and fourth Tuesday of each month. It shall have all of the powers of the Board of Directors between meetings of the Board, except as the Board only by law is authorized to perform or exercise. All actions of the Executive Committee shall be reported to the Board of Directors.

In the event that any member of the Executive Committee is unable to attend a meeting of that committee, the Chairman of the Board or the President may, at his discretion, appoint another Director to attend said meeting of the Executive Committee and for that meeting to serve as a member of the Executive Committee with full power to act in place of the absent regular member of the committee.

SECTION 2 COMPENSATION COMMITTEE
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There shall be a standing committee of directors of this Association to be known as the Compensation Committee who shall review the compensation of all Executive Officers and those officers who participate in the Profit Sharing Pool as well as fees for directors of the Association. They will recommend specific compensation arrangements to the Board of Directors for their confirmation.

SECTION 3 COMMITTEE ON AUDIT
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There shall be a standing committee of Directors of this Association to be known as the Committee on Audit, none of whose members shall be active officers of the Association. This Committee shall make or cause to be made a suitable examination of the affairs of the

SECTION 3. COMMITTEE ON AUDIT (continued)

Association and the Trust Department at least once during each period of twelve months. The results of such examination shall be reported in writing to the Board at the next regular meeting thereafter stating whether the Association and/or Trust Department is in a sound solvent condition, whether adequate internal audit controls and procedures are being maintained and make such recommendations as it deems advisable.

SECTION 4 TRUST COMMITTEE

There shall be a standing committee of Directors of this Association to be known as the Trust Committee. The Trust Committee shall determine policies of the Department and review actions of the Trust Investment Committee. All actions of the Trust Committee shall be reported to the Board of Directors.

SECTION 5 TRUST INVESTMENT COMMITTEE

There shall be a standing committee of this Association to be known as the Trust Investment Committee composed of officers of the Association. The Trust Investment Committee or such officers as may be duly designated by the Trust Investment Committee, shall pass upon the acceptance of all trusts, the closing out or relinquishment of all trusts and the making, retention, or disposition of all investments of trust funds in conformity with policies established by the Trust Committee. Actions of the Trust Investment Committee shall be reported to the Trust Committee.

SECTION 6 PENSION COMMITTEE

There shall be a standing committee of directors or officers of this Association to be known as the Pension Committee, who shall have the powers and duties as set forth in the Association's Employees' Pension Plan. A report of the condition of the pension fund shall be submitted annually to the Board of Directors.

SECTION 7 OTHER COMMITTEES

The Chairman may appoint, from time to time, other committees for such purposes and with such powers as he or the Board may direct.

ARTICLE V

SEAL

SECTION 1 IMPRESSION

The following is an impression of the seal of this Association.

February 27, 1992

RESOLVED, That Article I, Section 1, Article II, Section 2 and Article IV, Section 5 of the By-Laws of the Association be amended to state as follows:

ARTICLE I

SECTION 1 ANNUAL MEETING
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The annual meeting of the shareholders shall be held in the main banking house of the Association at 11:00 a.m. on the second Tuesday in March of each year. Notice of such meeting shall be mailed to shareholders not less than ten (10) nor more than sixty (60) days prior to the meeting date.

ARTICLE II

SECTION 2. REGULAR MEETINGS
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The organizational meeting of the Board of directors shall be held on the same date as soon as practical following the annual meeting of shareholders at the main banking house. Other regular meetings of the Board of Directors shall be held without notice at 11:00 a.m. on the second Tuesday of June, September, and December, at the main banking house, or, provided notice given by telegram, letter, telephone or in person to every Director, at such time and place as may be designated in the notice of the meeting. When any regular meeting of the Board falls on a holiday, the meeting shall be held on the next banking business day, unless the Board shall designate some other day.

ARTICLE IV

SECTION 5. TRUST POLICY COMMITTEE
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There shall be a standing committee of this association to be known as the Trust Policy Committee composed of officers of the Association. The Trust Policy Committee or such officers as may be duly designated by the Trust Policy Committee, shall pass upon the acceptance of all trusts, the closing out or relinquishment of all trusts and the making, retention, or disposition of all investments of trust funds in conformity with policies established by the Trust Committee. Actions of the Trust policy committee shall be reported to the Trust Committee.

THE CONSENT OF THE TRUSTEE
REQUIRED BY 321 (b) OF THE ACT

Firststar Bank, National Association, the Trustee executing the statement of eligibility and qualification to which this Exhibit is attached does hereby consent that reports of examinations of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor in accordance with the provisions of 321 (b) of the Trust Indenture Act of 1939.

U. S. Bank NATIONAL ASSOCIATION

September 5, 2001

BY: /S/ Robert T. Jones

Date

Robert T. Jones
Vice President and Trust Officer

Consolidated Report of Condition
 Firststar Bank, National Association
 for March 31, 2001

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Balance Sheet

	Dollar Amounts in Thousands
ASSETS	
1. Cash and balances due from depository institutions	
a. Noninterest-bearing balances and currency and coin	3,552,537
b. Interest-bearing balances	84,305
2. Securities:	
a. Held-to-maturity securities	258,467
b. Available-for-sale securities	11,633,830
3. Federal funds sold and securities purchased under agreements to resell in domestic offices of the bank and of its Edge and Agreements subsidiaries, and in YBFs	201,521
a. Federal funds sold	0.00
b. Securities purchased under agreements to resell	0.00
4. Loans and lease financing receivables:	
a. Loans and leases, net of unearned income	50,451,541
b. LESS: Allowance for loan and lease losses	638,188
c. LESS: Allocated transfer risk reserve	
d. Loans and leases, net of unearned income, allowance, and reserve	49,813,353
5. Trading assets	15,974
6. Premises and fixed assets (including capitalized leases)	910,902
7. Other real estate owned	18,427
8. Investments in unconsolidated subsidiaries and associated companies	134,045
9. Customers' liability to this bank on acceptances outstanding	16,879
10. Intangible assets	1,312,172
11. Other assets	2,216,955
12. Total assets	71,345,806

Consolidated Report of Condition Firststar Bank, National Association for
March 31, 2001 Continued...

		Dollar Amounts in Thousands
LIABILITIES		
13. Deposits:		
a. In domestic offices		48,738,815
(1) Noninterest-bearing	3,619,910	
(2) Interest-bearing	45,118,905	
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs		1,524,520
(1) Noninterest-bearing	0	
(2) Interest-bearing	1,524,520	
14. Federal funds purchased and securities sold under agreements to repurchase in domestic offices of the bank and of its Edge and Agreement subsidiaries, and in IBFs:		6,408,872
a. Federal funds purchased		
b. Securities sold under agreements to repurchase		
15. a. Demand notes issued to the U.S. Treasury		357,723
b. Trading liabilities		15,455
16. Other borrowed money:		
a. With original maturity of one year or less		4,609,144
b. With original maturity of more than one year		966,210
17. Mortgage indebtedness and obligations under capitalized leases		16,879
18. Bank's liability on acceptances executed and outstanding		2,517,167
19. Subordinated notes and debentures		1,722,100
20. Other liabilities		65,552,952
21. Total liabilities		0.00
22. Limited-life preferred stock and related surplus		0.00
23. Perpetual preferred stock and related surplus		18,199
24. Common Stock		3,539,986
25. Surplus [exclude all surplus related to preferred stock]		1,809,689
26. a. Undivided profits and capital reserves		78,161
b. Net unrealized holding gains (losses) on available-for-sale securities		0.00
27. Cumulative foreign currency translation adjustments		5,627,324
28. Total equity capital		71,345,806
29. Total liabilities, limited-life preferred stock, and equity capital		