

-----  
P R O S P E C T U S   S U P P L E M E N T(To Prospectus dated January 6, 1994)  
-----

U.S. \$100,000,000

Carpenter Technology Corporation  
Medium-Term Notes, Series A  
Due from Nine Months to 30 Years from Date of Issue  
-----

Carpenter Technology Corporation (the "Company") may offer from time to time its Medium-Term Notes, Series A (the "Notes") in an aggregate principal amount not to exceed U.S. \$100,000,000 (or, if any Notes are to be Original Issue Discount Notes, Foreign Currency Notes or Indexed Notes (as each such term is defined under "Description of Notes"), such principal amount as shall result in an initial aggregate offering price equivalent to no more than U.S. \$100,000,000), subject to reduction as a result of the sale of other Debt Securities; provided, however, that the Company may increase the foregoing maximum principal amount if in the future it determines that it may wish to sell additional Notes. See "Description of Notes" and "Plan of Distribution of Notes". Each Note will mature from nine months to 30 years from its date of original issuance ("Issue Date"), as selected by the initial purchaser and agreed to by the Company. The Notes may be subject to optional redemption, or obligate the Company to redeem or purchase the Notes pursuant to sinking fund or analogous provisions or at the option of the Holder thereof, in each case as indicated in the applicable Pricing Supplement. Unless otherwise indicated in the applicable Pricing Supplement, the Notes will be issued in fully registered form in denominations of U.S. \$100,000 and integral multiples of U.S. \$1,000 in excess thereof or, in the case of Foreign Currency Notes, in such minimum denominations not less than the equivalent of U.S. \$100,000 and such other denomination or denominations in excess thereof as shall be set forth in the applicable Pricing Supplement. See "Special Provisions Relating to Foreign Currency Notes".

The interest rate or interest rate formula, if any, currency or currency unit, issue price, Stated Maturity, redemption provisions, if any, and other terms for each Note will be established by the Company at the date of issuance of such Note and will be indicated in a Pricing Supplement. Each interest-bearing Note will bear interest at either (a) a fixed rate (a "Fixed Rate Note") or (b) a variable rate determined by reference to an interest rate formula (a "Floating Rate Note"), which may be adjusted by adding or subtracting the Spread or multiplying by the Spread Multiplier, unless otherwise indicated in the applicable Pricing Supplement. Unless otherwise indicated in the applicable Pricing Supplement, the interest rate formula will be the Commercial Paper Rate, the Prime Rate, the CD Rate, the Federal Funds Rate, LIBOR or the Treasury Rate. A Fixed Rate Note may pay a level amount in respect of both principal and interest amortized over the life of such Note (an "Amortizing Note"). Interest rates, or interest rate formulas, are subject to change by the Company from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company.

Notes may be represented either by a certificate issued in definitive form ("Certificated Note") or by a permanent global Security or Securities, registered in the name of The Depository Trust Company, as Depository, or a nominee of the Depository (a "Book-Entry Note"), as specified in the applicable Pricing Supplement. Beneficial interests in Book-Entry Notes will only be evidenced by, and transfers thereof will only be effected through, records maintained by the Depository and its participants. Except as described under "Description of Notes -- Book-Entry Notes", owners of beneficial interests in a Book-Entry Note will not be entitled to receive physical delivery of Notes in definitive form and will not be considered the Holders thereof.

Unless otherwise indicated in the applicable Pricing Supplement, a Foreign Currency Note will not be sold in, or to a resident of, the country of the Specified Currency in which such Note is denominated. See "Special Provisions Relating to Foreign Currency Notes".

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

	Price to Public(1)	Distributors' Commissions or Discounts(2)	Proceeds to Company(2) (3)
Per Note	100%	.125% - .750%	99.250% - 99.875%
Total(4)	U.S. \$100,000,000	U.S. \$125,000 - U.S. \$750,000	U.S. \$99,250,000 - U.S. \$99,875,000

- (1) Unless otherwise indicated in the applicable Pricing Supplement, each Note will be issued at 100% of its principal amount. If so indicated in the applicable Pricing Supplement, Notes may be resold by the Distributors, acting as principals at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.
- (2) Unless otherwise specified in the applicable Pricing Supplement, the Company will pay a commission (or grant a discount) to CS First Boston Corporation and J.P. Morgan Securities Inc. (the "Distributors") of .125% to .750% of the principal amount of any Note, depending on its Stated Maturity, sold through any such Distributor, acting as agent (or sold to such Distributor as principal in circumstances in which no other discount is agreed).
- (3) Before deducting other expenses payable by the Company estimated at U.S. \$215,000.00.
- (4) Or the equivalent thereof in other currencies or currency units.

-----

The Notes are being offered on a continuing basis by the Company through the Distributors, each of which has agreed to use reasonable efforts to solicit offers to purchase the Notes. The Company also may sell Notes to any Distributor on its own behalf at negotiated discounts. The Company reserves the right to sell Notes directly on its own behalf or to additional distributors and to appoint additional agents for the purpose of soliciting offers to purchase Notes. The Company also reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Company or any Distributor may reject any offer to purchase Notes, in whole or in part. The Notes will not be listed on any securities exchange, unless otherwise indicated in the applicable Pricing Supplement, and there can be no assurance that the Notes offered by this Prospectus Supplement will be sold or that there will be a secondary market for the Notes. See "Plan of Distribution of Notes."

CS First Boston

J.P. Morgan Securities Inc.

-----  
 The date of this Prospectus Supplement is January 12, 1994.

2

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

-----  
 IMPORTANT CURRENCY EXCHANGE INFORMATION

Unless otherwise indicated in the applicable Pricing Supplement, purchasers are required to pay for Foreign Currency Notes in the currency or currency unit specified in the applicable Pricing Supplement (the "Specified Currency"). At the present time there are limited facilities in the United States for the conversion of U.S. dollars into foreign currencies or currency units and vice versa, and banks do not generally offer non-U.S. dollar checking or savings account facilities in the United States. If requested on or prior to the fifth Market Day preceding the date of delivery of the Notes, or by such other day as determined by the Distributor who presented such offer to purchase Notes to the Company, such Agent is prepared to arrange for the conversion of U.S. dollars into the Specified Currency to enable the purchasers to pay for the Notes. Each such conversion will be made by such Agent on such terms and subject to such conditions, limitations and charges as such Agent may from time to time establish in accordance with its regular foreign exchange practices. All costs of exchange will be borne by the purchasers of the Foreign Currency Notes.

#### DESCRIPTION OF NOTES

The following description of the particular terms of the Notes offered hereby supplements the description of the general terms and conditions of Debt Securities set forth under the heading "Description of Debt Securities" in the Prospectus, to which description reference is hereby made. Capitalized terms not defined under this heading or in the Glossary contained in this Prospectus Supplement have the meanings assigned to them in the Prospectus or the Indenture.

#### GENERAL

The Notes offered hereby will be issued under the Indenture referred to in the accompanying Prospectus between the Company and Morgan Guaranty Trust Company of New York, as Trustee (the "Trustee"). The Notes constitute a single series for purposes of the Indenture, limited to an aggregate principal amount not to exceed \$100,000,000 (or, if any Notes are to be Original Issue Discount Notes or are to be denominated in one or more foreign currencies or currency units ("Foreign Currency Notes") or with amounts payable in respect of principal of or any premium or interest on the Notes to be determined by reference to the value, rate or price of one or more specified indices ("Indexed Notes"), such principal amount as shall result in an aggregate initial offering price equivalent to no more than \$100,000,000). The foregoing limit may be increased by the Company if in the future it determines that it may wish to sell additional Notes. The Notes offered hereby may be reduced by an amount equal to the aggregate initial offering price of any other Debt Securities (as defined in the accompanying Prospectus) sold by the Company (including any other series of medium-term notes). See "Plan of Distribution of Notes". For a description of the rights attaching to different series of Securities (including the Notes) under the Indenture, see "Description of Debt Securities" in the Prospectus.

Each Note will mature from nine months to 30 years from its Issue Date, as selected by the initial purchaser and agreed to by the Company.

The Notes will be issuable only in fully registered form and, unless otherwise indicated in the applicable Pricing Supplement, only in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof, or, in the case of Foreign Currency Notes, in such minimum denomination not less than the equivalent of \$100,000 and such other denomination or denominations in excess thereof as shall be set forth in the applicable Pricing Supplement. See "Special Provisions Relating to Foreign Currency Notes".

S-2

3

Notes will initially be represented either by a Certificated Note or by a Book-Entry Note, as indicated in the applicable Pricing Supplement. See "Description of Notes -- Book-Entry Notes" below.

Unless otherwise indicated in the applicable Pricing Supplement, the Notes will be denominated in U.S. dollars and payments of principal of and any premium and interest on the Notes will be made in U.S. dollars in the manner indicated in the accompanying Prospectus and this Prospectus Supplement. If any of the Notes are to be denominated in one or more currencies or currency units other than U.S. dollars, additional information pertaining to the terms of such Notes and other matters relevant to the Holders thereof will be described in the applicable Pricing Supplement. See "Payment Currency" and "Special Provisions

Relating to Foreign Currency Notes" below.

In addition, Notes may be issued as Original Issue Discount Notes, as Indexed Notes or as Amortizing Notes. See "Original Issue Discount Notes", "Indexed Notes" and "Amortizing Notes" below.

The applicable Pricing Supplement will indicate either that a Note cannot be redeemed prior to its Stated Maturity or that a Note will be redeemable at the option of the Company on or after a specified date prior to its Stated Maturity at a specified price or prices (which may include a premium), together with accrued interest to the date of redemption. In addition, the applicable Pricing Supplement will indicate either that the Company will not be obligated to redeem a Note pursuant to any sinking fund or analogous provisions or at the option of the Holder thereof or that the Company will be so obligated. If the Company will be so obligated, the applicable Pricing Supplement will indicate the period or periods within which and the price or prices at which the applicable Notes will be redeemed, in whole or in part, pursuant to such obligation and the other detailed terms and provisions of such obligation.

Payments of principal of, and any premium and interest on, Book-Entry Notes will be made to the Depositary, or its nominee, as Holder thereof, in accordance with arrangements then in effect between the Trustee and the Depositary. Unless otherwise indicated in an applicable Pricing Supplement, payments of principal of, and any premium and interest on, Certificated Notes denominated and payable in U.S. dollars will be made in immediately available funds at the Corporate Trust Office of Morgan Guaranty Trust Company of New York in the Borough of Manhattan, The City of New York, if the Note is presented to the Paying Agent in time for the Paying Agent to make such payments in such funds in accordance with its normal procedures; except that at the option of the Company payment of interest may be made by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register or by wire transfer to an account maintained by such Holder with a bank located in the United States, provided such Holder shall have provided in writing to the Trustee, on or prior to the relevant Regular Record Date, appropriate payment instructions. Notwithstanding the foregoing, the Holder of \$10,000,000 or more in aggregate principal amount of Certificated Notes denominated and payable in U.S. dollars and having the same Interest Payment Date shall be entitled to receive such payments by wire transfer of immediately payable funds to an account maintained by such Holder with a bank located in the United States, if the Holder shall have provided in writing to the Trustee, on or prior to the relevant Regular Record Date, appropriate payment instructions. With respect to payments on Foreign Currency Notes, see "Payment Currency".

Certificated Notes may be presented for registration of transfer or exchange at the Corporate Trust Office of Morgan Guaranty Trust Company of New York in the Borough of Manhattan, The City of New York. No service charge will be made for any registration of transfer or exchange of Certificated Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith. With respect to registration of transfer and exchange of Book-Entry Notes see "Description of Notes -- Book-Entry Notes" below and "Description of Debt Securities -- Global Securities" in the accompanying Prospectus.

Interest rates, interest rate bases and various other variable terms of the Notes described herein are subject to change by the Company from time to time, but no such change will affect any Note already issued or as to which an offer to purchase has been accepted by the Company.

Unless otherwise indicated in the applicable Pricing Supplement, Fixed Rate Notes denominated and payable in U.S. dollars will be subject to the provisions of the Indenture described in the Prospectus under "Description of Debt Securities -- Defeasance and Covenant Defeasance".

S-3

4

#### PAYMENT CURRENCY

The Company is obligated to make payments of principal of and any premium and interest on Foreign Currency Notes in the Specified Currency (or, if such Specified Currency is not at the time of such payment legal tender for the payment of public and private debts, in such other coin or currency of the country which issued such Specified Currency as at the time of such payment is legal tender for the payment of such debts). Any such amounts paid by the

Company will, unless otherwise specified in the applicable Pricing Supplement, be converted by the Exchange Rate Agent to U.S. dollars for payment to Holders. Principal of, and any premium and interest on, a Foreign Currency Note paid in U.S. dollars will be paid in the manner specified in the accompanying Prospectus and this Prospectus Supplement for interest on Notes denominated and payable in U.S. dollars.

Unless otherwise specified in the applicable Pricing Supplement, any U.S. dollar amount to be received by a Holder of a Foreign Currency Note will be based on the highest bid quotation in The City of New York received by the Exchange Rate Agent at approximately 11:00 A.M., New York City time, on the second Market Day preceding the applicable payment date from three recognized foreign exchange dealers (one of which may be the Exchange Rate Agent) selected by the Exchange Rate Agent and approved by the Company for the purchase by the quoting dealer of the Specified Currency for U.S. dollars for settlement on such 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. If three such bid quotations are not available, payments will be made in the Specified Currency. All currency exchange costs will be borne by the Holder of the Foreign Currency Note by deductions from such payments.

Notwithstanding the foregoing, unless otherwise specified in the applicable Pricing Supplement, a Holder of a Foreign Currency Note may elect to receive payment of the principal of and any premium and interest on such Note in the Specified Currency by transmitting a written request for such payment to the Trustee at its Corporate Trust Office in the Borough of Manhattan, The City of New York on or prior to the Regular Record Date or at least sixteen days prior to Maturity, as the case may be. Such request may be in writing (mailed or hand delivered) or by cable, telex or other form of facsimile transmission. A Holder of a Foreign Currency Note may elect to receive payment in the Specified Currency for all principal and any premium and interest payments and need not file a separate election for each payment. Such election will remain in effect until revoked by written notice to the Trustee, but written notice of any such revocation must be received by the Trustee on or prior to the relevant Regular Record Date or at least sixteen days prior to Maturity, as the case may be.

Unless otherwise specified in the applicable Pricing Supplement, a beneficial owner of Book-Entry Notes denominated in a Specified Currency electing to receive payments of principal or any premium or interest in a currency other than U.S. dollars must notify the Depository's nominee ("participant") through which its interest is held on or prior to the applicable record date, in the case of a payment of interest, and on or prior to the sixteenth day prior to Maturity, in the case of principal or premium, of such beneficial owner's election to receive all or a portion of such payment in a Specified Currency. Such participant must notify the Depository of such election on or prior to the third Market Day after such record date. The Depository will notify the Paying Agent of such election on or prior to the fifth Market Day after such record date. If complete instructions are received by the participant and forwarded by the participant to the Depository, and by the Depository to the Paying Agent, on or prior to such dates, the beneficial owner will receive payments in the Specified Currency.

Interest on a Foreign Currency Note paid in the Specified Currency will be paid by check mailed to the address of the Person entitled thereto as such address shall appear in the Security Register. All checks payable in a Specified Currency will be drawn on a bank located outside the United States. Payments at Maturity of principal of and any premium and interest on Foreign Currency Notes in the Specified Currency will be made

S-4

5

by wire transfer to an account with a bank located in the country of the Specified Currency (or, in the case of European Currency Units ("ECUs"), Brussels), as shall have been designated at least fifteen days prior to Maturity by the Holder, provided that the Note is presented at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York in time for such Paying Agent to make such payments in such funds in accordance with its normal procedures.

If a Specified Currency is not available for the payment of principal or any premium or interest with respect to a Foreign Currency Note due to the imposition of exchange controls or other circumstances beyond the control of the

Company, the Company will be entitled to satisfy its obligations to Holders of Foreign Currency Notes by making such payment in U.S. dollars on the basis of the Market Exchange Rate on the last date prior to the relevant payment date that such Specified Currency was available (the "Conversion Date"). Any payment made under such circumstances in U.S. dollars where the required payment is in other than U.S. dollars will not constitute an Event of Default under the Indenture.

If payment in respect of a Note is required to be made in any currency unit (e.g., ECU), and such currency unit is unavailable due to the imposition of exchange controls or other circumstances beyond the Company's control, then the Company will be entitled, but not required, to make any payments in respect of such Note in U.S. dollars until such currency unit is again available. The amount of each payment in U.S. dollars shall be computed on the basis of the equivalent of the currency unit in U.S. dollars, which shall be determined by the Company or its agent on the following basis. The component currencies of the currency unit for the purpose (the "Component Currencies" or, individually, a "Component Currency") shall be the currency amounts that were components of the currency unit as of the last day on which the currency unit was used. The equivalent of the currency unit in U.S. dollars shall be calculated by aggregating the U.S. dollar equivalents of the Component Currencies. The U.S. dollar equivalent of each of the Component Currencies shall be determined by the Company or such agent on the basis of the most recently available Market Exchange Rate for each such Component Currency, or as otherwise indicated in the applicable Pricing Supplement.

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

All determinations referred to above made by the Company or its agent (including the Exchange Rate Agent) shall be at its sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Holders of Notes.

#### INTEREST

Each interest-bearing Note will bear interest from and including its Issue Date or from and including the most recent Interest Payment Date with respect to which interest on such Note (or any predecessor Note) has been paid or duly provided for to, but excluding, the relevant Interest Payment Date at the fixed rate per annum, or at the rate per annum determined pursuant to the interest rate formula, stated therein and in the applicable Pricing Supplement until the principal thereof is paid or made available for payment. Interest payments, if any, will be in 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. However, unless otherwise specified in the applicable Pricing Supplement, in the case of Floating Rate Notes on which the interest rate is reset daily or weekly, the interest payments (other than interest payments on any date on which principal is payable) will include interest accrued from, but excluding, the second preceding Regular Record Date (or from and including the date of issue, if no interest has been

S-5

6

paid with respect to such Note), through, and including, the Regular Record Date next preceding the applicable Interest Payment Date, except that interest paid at Maturity will include interest accrued to, but excluding, such date.

Interest, if any, will be payable on each Interest Payment Date and at Maturity; see "Description of Notes -- General". Interest will be payable generally to the person (which, in the case of a Book-Entry Note, shall be the Depository) in whose name a Note (or any predecessor Note) is registered at the close of business on the Regular Record Date next preceding each Interest

Payment Date; provided, however, that interest payable at Maturity will be payable to the person (which, in the case of a Book-Entry Note, shall be the Depository) to whom principal shall be payable. Unless otherwise indicated in the applicable Pricing 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 second Interest Payment Date following the Issue date of issue of such Note to the registered owner on the Regular Record Date immediately preceding such Interest Payment Date. With respect to payments of interest on Book-Entry Notes, see "Description of Notes -- Book-Entry Notes".

#### FIXED RATE NOTES

The applicable Pricing Supplement relating to a Fixed Rate Note will designate a fixed rate of interest per annum payable on such Note. Unless otherwise indicated in the applicable Pricing Supplement, the Interest Payment Dates with respect to Fixed Rate Notes other than Amortizing Notes shall be January 15 and July 15 of each year and at Maturity and the Regular Record Dates for such Notes shall be the January 1 and July 1 next preceding the relevant Interest Payment Dates. Unless otherwise indicated in the applicable Pricing Supplement, interest on Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months.

If any Interest Payment Date or the Maturity of a Fixed Rate Note falls on a day that is not a Market Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Market Day as if made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date or Maturity, as the case may be.

#### FLOATING RATE NOTES

The applicable Pricing Supplement relating to a Floating Rate Note will designate an interest rate basis for such Floating Rate Note. Such basis may be: (a) the Commercial Paper Rate, in which case such Note will be a Commercial Paper Rate Note, (b) the Prime Rate, in which case such Note will be a Prime Rate Note, (c) the CD Rate, in which case such Note will be a CD Rate Note, (d) the Federal Funds Rate, in which case such Note will be a Federal Funds Rate Note, (e) LIBOR, in which case such Note will be a LIBOR Note, (f) the Treasury Rate, in which case such Note will be a Treasury Rate Note, or (g) such other interest rate basis or formula as may be agreed to between the Company and the purchaser and set forth in the applicable Pricing Supplement. In addition, a Floating Rate Note may bear interest at the lowest or highest or average of two or more interest rate formulae. The applicable Pricing Supplement for a Floating Rate Note also will specify the Spread or Spread Multiplier, if any, and the maximum or minimum interest rate limitation, if any, applicable to each Note. In addition, such Pricing Supplement will define or particularize for each Floating Rate Note the following terms, if applicable: Calculation Agent, Calculation Dates, Initial Interest Rate, Interest Payment Dates, Regular Record Dates, Index Maturity, Interest Determination Dates and Interest Reset Dates with respect to such Note. See "Glossary" for definitions of certain terms used in this Prospectus Supplement.

The rate of interest on a Floating Rate Note in effect on any day will be (a) if such day is an Interest Reset Date with respect to such Floating Rate Note, the interest rate on such Floating Rate Note determined as of the Interest Determination Date pertaining to such Interest Reset Date, or (b) if such day is not an Interest Reset Date with respect to such Floating Rate Note, the interest rate on such Floating Rate Note determined as of the Interest Determination Date pertaining to the immediately preceding Interest Reset Date with respect to such Floating Rate Note; provided, however, that (i) the interest rate in effect from the Issue

Date of a Floating Rate Note (or that of a predecessor Note) to but excluding the first Interest Reset Date with respect to such Floating Rate Note will be the Initial Interest Rate (as set forth in the applicable Pricing Supplement), and (ii) the interest rate in effect for the ten days immediately prior to Maturity of a Floating Rate Note will be that in effect on the tenth day preceding such Maturity. Subject to applicable provisions of law and except as described herein, the rate of interest on a Floating Rate Note on any Interest Reset Date with respect thereto will be the rate of interest determined with respect to the Interest Determination Date pertaining to such Interest Reset

Date as determined in accordance with the applicable provisions described below.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semi-annually or annually (each an "Interest Reset Date"), as specified in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, the Interest Reset Date will be, in the case of Floating Rate Notes which reset daily, each Market Day; in the case of Floating Rate Notes (other than Treasury Rate Notes) which reset weekly, the Wednesday of each week; in the case of Treasury Rate Notes which reset weekly, except as provided in the following paragraph, the Tuesday of each week; in the case of Floating Rate Notes which reset monthly, the third Wednesday of each month; in the case of Floating Rate Notes which reset quarterly, the third Wednesday of March, June, September and December; in the case of Floating Rate Notes which reset semi-annually, the third Wednesday of two months of each year, as indicated in the applicable Pricing Supplement; and in the case of Floating Rate Notes which reset annually, the third Wednesday of one month of each year, as indicated in the applicable Pricing Supplement. If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Market Day with respect to such Note, such Interest Reset Date shall be the next succeeding Market Day with respect to such Note, except that if such Note is a LIBOR Note and the next succeeding Market Day falls in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Market Day.

The Interest Determination Date pertaining to an Interest Reset Date for a Commercial Paper Rate Note (the "Commercial Paper Interest Determination Date"), a Prime Rate Note (the "Prime Rate Interest Determination Date"), a CD Rate Note (the "CD Rate Interest Determination Date") or a Federal Funds Rate Note (the "Federal Funds Interest Determination Date") will be the second Market Day preceding the Interest Reset Date with respect to such Note. The Interest Determination Date pertaining to an Interest Reset Date for a LIBOR Note (the "LIBOR Interest Determination Date") will be the second London Market Day preceding such Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note (the "Treasury Interest Determination Date") will be the day on which Treasury bills are auctioned for the week in which such Interest Reset Date falls, or if no auction is held for such week, the Monday of such week (or if Monday is a legal holiday, the next succeeding Market Day) and the Interest Reset Date will be the Market Day immediately following such Treasury Interest Determination Date. Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If an auction for such week is held on Monday or the preceding Friday, such Monday or preceding Friday shall be the Treasury Interest Determination Date for such week, and the Interest Reset Date for such week shall be the Tuesday of such week (or, if such Tuesday is not a Market Day, the next succeeding Market Day). If the auction for such week is held on any day of such week other than Monday, then such day shall be the Treasury Interest Determination Date and the Interest Reset Date for such week shall be the next succeeding Market Day.

A Floating Rate Note may have either or both of the following: (a) a maximum numerical interest rate limitation, or ceiling, on the rate of interest which may accrue during any interest period; and (b) a minimum numerical interest rate limitation, or floor, on the rate of interest which may accrue during any interest period. In addition to any maximum interest rate which may be applicable to any Floating Rate Note, the interest rate on such Floating Rate Note will in no event be higher than the maximum rate permitted by New York law, as the same may be modified by United States law of general application. Under present New York law the maximum rate of interest, with certain exceptions, is 25% per annum on a simple interest basis. The limit may not apply to Notes in which \$2,500,000 or more has been invested.

S-7

8

Unless otherwise indicated in the applicable Pricing Supplement and except as provided below, the Interest Payment Date will be, in the case of Floating Rate Notes which reset daily, weekly or monthly, the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year (as indicated in the applicable Pricing Supplement); in the case of Floating Rate Notes which reset quarterly, the third Wednesday of March, June, September and December of each year; in the case of Floating Rate Notes which reset semi-annually, the third Wednesday of the two months of each year specified in the applicable Pricing Supplement; and in the case of Floating Rate Notes which reset annually, the third Wednesday of the month specified in the



applicable Pricing Supplement. If, pursuant to the preceding sentence, an Interest Payment Date with respect to any Floating Rate Note (other than an Interest Payment Date at Maturity) would otherwise be a day that is not a Market Day with respect to such Note, such Interest Payment Date shall be the next succeeding Market Day with respect to such Note, except that if such Note is a LIBOR Note and the next succeeding Market Day falls in the next succeeding calendar month, such Interest Payment Date shall be the immediately preceding Market Day. If the Maturity of a Floating Rate Note falls on a day that is not a Market Day, the payment of principal, premium, if any, and interest will be made on the next succeeding Market Day, and no interest on such payment shall accrue from and after such Maturity. Unless otherwise indicated in the applicable Pricing Supplement, the Regular Record Date with respect to Floating Rate Notes shall be the date 15 calendar days prior to each Interest Payment Date, whether or not such date shall be a Market Day.

Unless otherwise specified in the applicable Pricing Supplement, the interest accrued from and including the date of issue, or from and including the last date to which interest has been paid or duly provided for, is calculated by multiplying the face amount of such Floating Rate Note by an accrued interest factor. Such accrued interest factor is computed by adding the interest factor calculated for each day in such period from and including the date of issue, or from and including the last date to which interest has been paid or duly provided for, to but excluding the date for which accrued interest is being calculated. Unless otherwise specified in the Note and the applicable Pricing Supplement, the interest factor (expressed as a decimal rounded upwards, if necessary, as described below) for each such day is computed by dividing the interest rate (expressed as a decimal rounded upwards, if necessary, as described below) applicable to such date by 360, (or, in the case of Treasury Rate Notes, by the actual number of days in the year). The interest factor for Notes for which two or more interest rate formulae are applicable will be calculated in each period in the same manner as if only the lowest, highest or average of, as the case may be, such interest rate formulae applied.

Unless otherwise specified in a Pricing Supplement, all percentages resulting from any calculation on Floating Rate Notes will be rounded, upwards if necessary, 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 such calculation on Floating Rate Notes will be rounded to the nearest cent or, in the case of Foreign Currency Notes, the nearest unit (with one-half cent or five one-thousandths of a unit being rounded upwards).

Upon the request of the Holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect, and, if determined, the interest rate which will become effective as a result of a determination made on the most recent Interest Determination Date with respect to such Floating Rate Note.

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

Unless otherwise indicated in the applicable Pricing Supplement, "Commercial Paper Rate" means, with respect to any Commercial Paper Interest Determination Date, the Money Market Yield (calculated as described below) of the rate on such date for commercial paper having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading "Commercial Paper". 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 Commercial Paper Interest Determination Date, then the Commercial Paper Rate shall be the Money Market Yield of the rate on such Commercial Paper Interest Determination Date for commercial

paper having the Index Maturity specified in the applicable Pricing Supplement as published in Composite Quotations under the heading "Commercial Paper". If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, the Commercial Paper Rate for that Commercial Paper Interest Determination Date shall 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 Commercial Paper 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 Distributors or their affiliates) for commercial paper having the Index Maturity specified in the applicable Pricing Supplement placed for an industrial 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 Commercial Paper Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage rounded upwards, if necessary, 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.

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

Unless otherwise indicated in the applicable Pricing Supplement, "Prime Rate" means, with respect to any Prime Rate Interest Determination Date, 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 Prime Rate Interest Determination Date by three major money center banks in The City of New York selected by the Calculation Agent. If fewer than three such quotations are provided, the Prime Rate shall be determined on the basis of the announced prime rates quoted on the basis of the actual number of days in the year divided by 360 in The City of New York by three 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 or trust companies selected as aforesaid are not quoting as mentioned in this sentence, the Prime Rate will be the Prime Rate then in effect on such Prime Rate Interest Determination Date.

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

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

upwards, if necessary, to the next higher one-hundred thousandth of a percentage point) of the secondary market offered rates, as of 10:00 A.M., New York City time, on that CD Rate Interest Determination Date, of three leading nonbank

dealers of negotiable U.S. dollar certificates of deposit in The City of New York selected by the Calculation Agent (which may include one or more of the Distributors or their affiliates) for negotiable certificates of deposit of major United States money market banks with a remaining maturity closest to the Index Maturity specified in the applicable Pricing Supplement 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 CD Rate Interest Determination Date.

Federal Funds Rate Notes. Each Federal Funds Rate Note will bear interest at the interest rate (calculated with reference to the Federal Funds Rate and the Spread or Spread Multiplier, if any) specified on the face of such Federal Funds Rate Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Federal Funds Rate" means, with respect to any Federal Funds Interest Determination Date, the rate on such date for Federal Funds having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading "Federal Funds (Effective)". 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 Federal Funds Interest Determination Date, then the Federal Funds Rate will be the rate on such Federal Funds Interest Determination Date as published in Composite Quotations under the heading "Federal Funds/Effective Rate". If by 3:00 P.M., New York City time, on such Calculation Date such rate is not yet published in either H.15(519) or Composite Quotations, the Federal Funds Rate for that Federal Funds Interest Determination Date shall be the arithmetic mean, as calculated by the Calculation Agent on such Calculation Date, of the rates, prior to 9:00 A.M., New York City time, on that Federal Funds Interest Determination Date, for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in The City of New York (which may include one or more of the Distributors or their affiliates) selected by the Calculation Agent; 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 Federal Funds Interest Determination Date.

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

Unless otherwise indicated in the applicable Pricing Supplement, LIBOR will be determined by the Calculation Agent in accordance with the following provisions: On each LIBOR Interest Determination Date, LIBOR will be determined on the basis of the offered rate for deposits in U.S. dollars having the Index Maturity specified in the applicable Pricing Supplement, commencing on the second London Market Day immediately following such LIBOR Interest Determination Date, which appears on the Telerate Page 3750 as of 11:00 A.M., London time, on that LIBOR Interest Determination Date. If such rate does not so appear on the Telerate Page 3750, the rate in respect of such LIBOR Interest Determination Date will be determined on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (selected by the Calculation Agent) at approximately 11:00 A.M., London Time, on the LIBOR Interest Determination Date next preceding the relevant Interest Reset Date to prime banks in the London interbank market for a period of the Index Maturity commencing on that Interest Reset Date and in a principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time. In such case, the Calculation Agent will request the principal London office of each of the aforesaid major banks to provide a quotation of such rate. If at least two such quotations are provided in respect of such LIBOR Interest Determination Date, the rate for that Interest Reset Date will be the arithmetic mean of the quotations, and, if fewer than two quotations are provided as requested in respect of such LIBOR Interest Determination Date, the rate for that Interest Reset Date will be the arithmetic mean of the rates quoted by three major banks in The City of New York, selected by the Calculation Agent (which may include one or more of the Distributors or their affiliates), at approximately 11:00 A.M. New York City time on that LIBOR Interest Determination Date for loans in U.S. dollars to leading European banks for a

principal amount equal to an amount not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, if the aforesaid rate cannot be determined by the Calculation Agent, LIBOR in respect of such LIBOR Interest Determination Date will be LIBOR then in effect on such LIBOR Interest Determination Date.

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

Unless otherwise indicated in the applicable Pricing Supplement, "Treasury Rate" means, with respect to any Treasury Interest Determination Date, the rate for the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity specified in the applicable Pricing Supplement as published in H.15(519) under the heading, "U.S. Government Securities/Treasury Bills -- Auction Average (Investment)" or, if not so published by 3:00 P.M., New York City time, on the Calculation Date pertaining to such Treasury Interest Determination Date, the auction average rate (expressed as a bond equivalent 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 in the applicable Pricing Supplement 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." In the event that such rate is not so published by 3:00 P.M., New York City time, on its 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 Treasury 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 Distributors or their affiliates), for the issue of Treasury bills with a remaining maturity closest to the specified Index Maturity; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate will be the Treasury Rate in effect on such Treasury Interest Determination Date.

#### ORIGINAL ISSUE DISCOUNT NOTES

Notes may be issued as Original Issue Discount Notes. An Original Issue Discount Note is a Note which is issued at a price lower than the principal amount thereof and which provides that upon redemption or acceleration of the Maturity thereof an amount less than the principal thereof shall become due and payable. In the event of redemption or acceleration of the Maturity of an Original Issue Discount Note, the amount payable to the Holder of such Note upon such redemption or acceleration will be determined in accordance with the terms of the Note, but will be an amount less than the amount payable at the Stated Maturity of such Note. In addition, a Note issued at a discount may, for United States federal income tax purposes, be considered an original issue discount note, regardless of the amount payable upon redemption or acceleration of Maturity of such Note. See "United States Taxation -- Original Issue Discount".

#### INDEXED NOTES

Notes may be issued as Indexed Notes, as indicated in the applicable Pricing Supplement. Holders of Indexed Notes may receive a principal amount at Maturity that is greater than or less than the face amount of such Notes depending upon the fluctuation of the relative value, rate or price of the specified index. Specific information pertaining 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 will be described in the applicable Pricing Supplement.

#### AMORTIZING NOTES

The Company may from time to time offer Amortizing Notes. Unless otherwise specified in the applicable Pricing Supplement, interest on each Amortizing Note will be computed on the basis of a 360-day year of twelve 30-day months. Payments of principal and interest on Amortizing Notes, which are securities for which payments of principal and interest are made in equal installments over the life of the security, will be made either quarterly on each January 15, April 15, July 15 and October 15 or semiannually on each January 15 and July 15, and on the Stated Maturity, unless otherwise specified in an applicable Pricing Supplement. Payments with respect to Amortizing Notes will be applied first to interest due and payable thereon and then to the reduction of the unpaid principal amount thereof. Further information concerning additional terms and conditions of any issue of Amortizing Notes will be provided in the applicable Pricing Supplement. A table setting forth repayment information in respect of each Amortizing Note will be included in the applicable Pricing Supplement and set forth in such Notes.

#### REDEMPTION

Redemption (Option of Company). If one or more Redemption Dates (or range of Redemption Dates) is specified in the applicable Pricing Supplement, the Notes described therein will be subject to redemption, in whole or in part, as specified in such Pricing Supplement, on any such date (or during any such range of dates) at the option of the Company upon not less than 30 days' or more than 60 days' notice, at the Redemption Price or Prices specified in the applicable Pricing Supplement, together with interest accrued to the Redemption Date; provided, however, that interest installments due prior to the date fixed for redemption will be payable to the Holder of record at the close of business on the Regular Record Date. If less than the entire principal amount of a Note is redeemed, the principal amount of such Note that remains outstanding after such redemption shall be an authorized denomination (which shall not be less than the minimum authorized denomination) for the Notes. If less than all Notes of like tenor are to be redeemed, the Notes to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate.

Redemption (Option of Holder). If one or more Redemption Dates (Option of Holder) (or range of such dates) is specified in the applicable Pricing Supplement, the Notes described therein will be subject to redemption, in whole, or from time to time in part, as specified in such Pricing Supplement, on any such date (or during any such range) or, if such date is not a Market Day, on the first Market Day following such date, at the election of the Holder at the Redemption Price determined as set forth in the applicable Pricing Supplement, together with interest accrued to the Redemption Date; provided, however, that interest installments due on or prior to the date fixed for redemption will be payable to the Holder of record at the close of business on the Regular Record Date.

Unless otherwise specified in the applicable Pricing Supplement, in order to exercise such an election, a Holder must, unless a different notice period is specified in the applicable Pricing Supplement, give to the Trustee not less than 30 days' nor more than 60 days' notice. Unless otherwise specified in the applicable Pricing Supplement, any such notice shall consist of either (i) the Note with the form entitled "Option to Elect Redemption" duly completed, or (ii) a telegram, facsimile transmission or a letter from a member of a national securities exchange, or of the National Association of Securities Dealers, Inc. or a commercial bank or trust company in the United States, setting forth the name of the Holder, the principal amount of the Note, the principal amount of the Note to be redeemed, the certificate number or a description of the tenor and terms of the Note, a statement that the option to elect redemption is being exercised thereby and a guarantee that such Note, together with the duly completed form entitled "Option to Elect Redemption", will be received by the Trustee not later than the fifth Business Day after the date of such telegram, facsimile transmission or letter; provided, however, that such telegram, facsimile transmission or letter shall only be effective if such Note and such form, duly completed, are received by the Trustee by such fifth Business Day.

Unless otherwise specified in the applicable Pricing Supplement, exercise of a redemption option by a Holder will be irrevocable. Such option may be exercised with respect to less than the entire principal amount of a Note, provided that the portion remaining Outstanding after such redemption is an authorized denomination.

If a Note is represented by a Book-Entry Note the Depositary's nominee will be the Holder thereof entitled to exercise a right to redemption. In order to ensure that the Depositary's nominee will timely exercise a right to repayment with respect to a particular Note, the beneficial owner of an interest in such Note must instruct the broker or other direct or indirect participant through which it holds an interest in such Note to notify the Depositary of its desire to exercise a right to repayment. Different firms have different cut-off times for accepting instructions from their customers and, accordingly, each such beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a Book-Entry Note in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to the Depositary.

#### REPURCHASE

The Company may at any time purchase Notes at any price in the open market or otherwise. Notes so purchased by the Company may, at its discretion, be held, resold or surrendered to the Trustee for cancellation.

#### BOOK-ENTRY NOTES

Upon issuance, all Book-Entry Notes of like tenor and having the same Issue Date will be represented by one or more fully registered securities in permanent global form (each a "Global Note"). See "Description of Securities -- Global Securities" in the Prospectus. Each Global Note representing Book-Entry Notes will be deposited with, or on behalf of, The Depositary Trust Company, as Depositary (the "Depositary"), located in the Borough of Manhattan, The City of New York, and will be registered in the name of the Depositary or a nominee of the Depositary. Unless otherwise indicated in the applicable Pricing Supplement, the Depositary will only accept the deposit of a Global Note denominated in U.S. dollars.

Ownership of beneficial interests in a Global Note representing Book-Entry Notes will be limited to institutions that have accounts with the Depositary or its nominee ("participants") or person that may hold interests through participants. The Company has been advised by the Depositary that upon the issuance of a Global Note representing Book-Entry Notes, and the deposit of such Global Note with the Depositary, the Depositary will immediately credit, on its book-entry registration and transfer system, the respective principal amounts of the Book-Entry Notes represented by such Global Note to the accounts of participants. The accounts to be credited shall be designated by the soliciting Agent or, to the extent that the Book-Entry Notes are offered and sold directly, by the Company.

The Company has been advised by the Depositary that upon receipt of any payment of principal of or any premium or interest in respect of a Global Note, the Depositary will immediately credit, on its book-entry registration and transfer system, accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the Depositary. Payments by participants to owners of beneficial interests in a Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the sole responsibility of such participants.

The Depositary has advised the Company as follows: the Depositary is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. The Depositary was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions, such as transfers and pledges, among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The Depositary's participants include securities brokers and dealers (including the Distributors), banks, trust companies, clearing corporations, and certain other organizations, some of whom (and/or their representatives) own the Depositary. Access to the Depositary's book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

## SPECIAL PROVISIONS RELATING TO FOREIGN CURRENCY NOTES

## GENERAL

The following provisions, which apply to Foreign Currency Notes, supplement the description of general terms and conditions of (a) Debt Securities set forth under the heading "Description of Debt Securities" in the accompanying Prospectus and (b) Notes set forth above under the heading "Description of Notes" in this Prospectus Supplement.

THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS AND ANY PRICING SUPPLEMENT DO NOT DESCRIBE ALL RISKS OF AN INVESTMENT IN FOREIGN CURRENCY NOTES THAT RESULT FROM SUCH NOTES BEING DENOMINATED IN A FOREIGN CURRENCY OR CURRENCY UNIT EITHER AS SUCH RISKS EXIST AT THE DATE OF THIS PROSPECTUS SUPPLEMENT OR AS SUCH RISKS MAY CHANGE FROM TIME TO TIME. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS ENTAILED IN AN INVESTMENT IN FOREIGN CURRENCY NOTES AND AS TO ANY MATTERS THAT MAY AFFECT THE PURCHASE OR HOLDING OF A FOREIGN CURRENCY NOTE OR THE RECEIPT OF PAYMENTS OF PRINCIPAL OF AND ANY PREMIUM AND INTEREST ON A FOREIGN CURRENCY NOTE IN A SPECIFIED CURRENCY. FOREIGN CURRENCY NOTES ARE NOT AN APPROPRIATE INVESTMENT FOR INVESTORS WHO ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS.

Unless otherwise indicated in the applicable Pricing Supplement, a Foreign Currency Note will not be sold in, or to a resident of, the country of the Specified Currency in which such Note is denominated.

The authorized denominations of Foreign Currency Notes will be indicated in the applicable Pricing Supplement.

Specific information pertaining to the foreign currency or currency unit in which a particular Foreign Currency Note is denominated, including historical exchange rates and a description of the currency and any exchange controls, will be described in the applicable Pricing Supplement. Such information contained therein shall be furnished as a matter of information only and should not be regarded as indicative of the range of or trends in fluctuations in currency exchange rates that may occur in the future.

## EXCHANGE RATES AND EXCHANGE CONTROLS

An investment in Foreign Currency Notes entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Such risks include, without limitation, the possibility of significant changes in the rate of exchange between the U.S. dollar and the Specified Currency and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. Such risks generally depend on economic and political events and the supply of and demand for the relevant currencies over which the Company has no control. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Foreign Currency Note. Depreciation of the Specified Currency applicable to a Foreign Currency Note against the U.S. dollar would result in a decrease in the U.S. dollar-equivalent yield of such Note, in the U.S. dollar-equivalent value of the principal repayable at Maturity of such Note and, generally, in the U.S. dollar-equivalent market value of such Note.

Governments have imposed from time to time exchange controls and may in the future impose or revise exchange controls at or prior to a Foreign Currency Note's Maturity. Even if there are not exchange controls, it is possible that the Specified Currency for any particular Foreign Currency Note would not be available at such Note's Maturity due to other circumstances beyond the control of the Company.

## JUDGMENTS

In the event an action based on Foreign Currency Notes were commenced in a court of the United States, it is likely that such court would grant judgment relating to such Notes only in U.S. dollars. It is not clear,

however, whether, in granting such judgment, the rate of conversion into U.S. dollars would be determined with reference to the date of default, the date judgment is rendered or some other date. Holders of Foreign Currency Notes would bear the risk of exchange rate fluctuations between the time the amount of the judgment is calculated and the time the Trustee converts U.S. dollars to the Specified Currency for payment of the judgment.

#### UNITED STATES TAXATION

The following is a summary of the principal United States federal income tax consequences of the ownership of Notes. It deals only with Notes held as capital assets by initial purchasers, and not with special classes of holders, such as dealers in securities or currencies, life insurance companies, persons holding Notes as a hedge or hedged against currency risks or as part of a straddle, or persons whose functional currency is not the U.S. dollar.

The discussion of Notes issued with original issue discount ("Discount Notes") is based in part on regulations (the "Proposed Regulations") proposed, but not yet effective, under the original issue discount provisions of the Internal Revenue Code of 1986, as amended (the "Code"), which are proposed to be effective for debt instruments issued sixty or more days after final regulations are issued. Given such deferred effective date, there can be no assurance that the Internal Revenue Service (the "IRS") will not challenge the application of provisions that are contained in the Proposed Regulations, but not in the Code, to Discount Notes issued prior thereto. Subsequent versions of the Proposed Regulations or corresponding final regulations may adopt positions that would apply to a Discount Note and may be contrary to the positions discussed below. Because of the uncertainty as to what regulations, if any, will apply to Discount Notes, and the provisions of any such regulations, purchasers of Discount Notes should carefully examine the applicable Pricing Supplement and consult their own tax advisors with respect to the current application of the OID rules (and the laws of any other taxing jurisdiction) to such Notes.

#### UNITED STATES HOLDERS

##### Payments of Interest

Interest on a Note, whether payable in U.S. dollars or a foreign currency, other than original issue discount on a Discount Note, will be taxable to a beneficial owner who or which is (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity organized in the United States or (iii) otherwise subject to United States federal income taxation on a net income basis in respect of the Note (a "United States Holder") as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes.

If an interest payment is denominated in or determined by reference to a foreign currency, the amount of interest income recognized by a cash basis United States Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. Accrual basis United States Holders may determine the amount of income recognized with respect to such interest payments in accordance with either of two methods.

Under the first method, the amount of interest income recognized during any accrual period will be determined by translating the Specified Currency into U.S. Dollars at the average rate of exchange during the interest accrual period (or, with respect to an accrual period that spans two taxable years at the average rate for the partial period within the taxable year). Upon receipt of an interest payment so accrued (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note), an accrual basis United States Holder will recognize ordinary income or loss attributable to the difference, if any between such average exchange rate and the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. Under the second method, an accrual basis United States Holder may elect to translate interest income into U.S. dollars at the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, at the exchange rate in effect on the last day of the partial period within the taxable year. Additionally, if a payment of interest is actually received within 5 business days of the last day of the accrual period or taxable year, an electing accrual basis United States Holder may instead translate such accrued interest into U.S. dollars at the exchange rate in effect on the day of actual receipt. Any such election will



by the United States Holder at beginning of the first taxable year to which the election applies or thereafter acquired by the United States Holder, and will be irrevocable without the consent of the Service.

#### Original Issue Discount

General. A Note will generally be treated as a Discount Note if the excess of the Note's "stated redemption price at maturity" over its "issue price" equals or exceeds 1/4 of 1 percent of such Note's stated redemption price at maturity multiplied by the number of complete years to its maturity. The Proposed Regulations generally provide that, in the case of a Note that provides for payments other than "qualified stated interest" (as described below), the weighted average maturity of the payments under the Note (other than payments of qualified stated interest) is used instead of complete years to maturity for this purpose. Generally, the issue price of a Note will be the initial offering price to the public at which a substantial amount of the Notes are sold. Under the Code, the "stated redemption price at maturity" of a Note is the total of all payments provided by the Note (whether denominated as principal or interest) other than payments of interest based on a fixed rate payable unconditionally at fixed periodic intervals of one year or less during the entire term of the Note ("fixed periodic interest"). Under the Proposed Regulations, the "stated redemption price at maturity" of a Note is the total of all payments provided by the Note that are not payments of "qualified stated interest". Under the Proposed Regulations, a "qualified stated interest" payment is generally any one of a series of stated interest payments on a Note that are unconditionally payable at least annually at a single fixed rate and, for this purpose, interest is considered payable at a fixed rate only if the rate appropriately takes into account the length of the interval between stated interest payments. The Proposed Regulations provide special rules for Variable Rate Notes, which are described below under "Original Issue Discount -- Variable Rate Notes."

If the excess, if any, of a Note's stated redemption price at maturity over its issue price is not sufficient, under the rules described above, to cause the Note to be a Discount Note, then such excess, if any, constitutes "de minimis original issue discount". Under the Proposed Regulations, unless the election described below under "Election to Treat All Interest as Original Issue Discount" is made, a United States Holder of a Note with de minimis original issue discount must include such de minimis original issue discount in income as stated principal payments on the Note are made. The includible amount with respect to each such payment will equal the product of the total amount of the Note's de minimis original issue discount and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

The Code provides rules that require United States Holders of Discount Notes having a maturity of more than one year from their date of issue to include original issue discount in income before the receipt of cash attributable to such income, regardless of the holder's method of accounting. The amount of original issue discount so includible is the sum of the daily portions of original issue discount with respect to the Discount Note for each day during the taxable year or portion of the taxable year in which the United States Holder holds such Discount Note ("accrued original issue discount"). Subject to special rules described below for variable rate debt instruments, the daily portion is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period. Under the Code, until final or temporary regulations become effective, an accrual period is any six-month period (or shorter period from the issue date of such Note) that ends on a day in the calendar year corresponding to the maturity date of the Note or the date six months before such date. The Proposed Regulations would allow the accrual periods with respect to a Note to be any set of periods (which may be of varying lengths) selected by the United States Holder as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs at the end of an accrual period. The amount of original issue discount allocable to an accrual period equals the excess, if any, of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and such Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum, under the Code, of the payments of fixed periodic interest, if any,

made on the Note during (under the Proposed Regulations, of qualified stated interest on the Note allocable to) the accrual period. Under the Code, the "adjusted issue price" of a Discount Note at the beginning of an accrual period is the

S-16

17

issue price of the Note increased by the amount of original issue discount allocable to prior accrual periods and decreased by all payments made in prior accrual periods which were not fixed payments of periodic interest. The Proposed Regulations provide that the "adjusted issue price" of a Discount Note at the beginning of any accrual period is (x) the sum of the issue price of such Note, the accrued original issue discount for each prior accrual period, and the amount of any qualified stated interest on such Note that has accrued prior to the beginning of the accrual period but is not payable until a later date, less (y) any prior payments on the Note that were not qualified stated interest payments, and clarify that, for purposes of determining the amount of original issue discount allocable to an accrual period, if an interval between payments of qualified stated interest on the Note contains more than one accrual period, then the amount of qualified stated interest payable at the end of such interval shall be allocated pro rata (on the basis of their relative lengths) between the accrual periods contained in the interval.

The Code provides no specific guidance on the method to be used in determining the amount of original issue discount allocable to a short initial accrual period. The Proposed Regulations contain rules that generally allow any reasonable method to be used in determining the amount of original issue discount allocable to a short initial accrual period (if all other accrual periods are of equal length) and require that the amount of original issue discount allocable to the final accrual period equal the excess of the amount payable at the maturity of the Note (other than any payment of qualified stated interest) over the Note's adjusted issue price as of the beginning of such accrual period.

Under the Code and the Proposed Regulations, United States Holders generally will have to include in income increasingly greater amounts of original issue discount over the life of a Discount Note.

**Acquisition Premium.** Under the Proposed Regulations, a United States Holder that purchases a Note for an amount in excess of its adjusted issue price (any such excess being "acquisition premium") and that does not make the election described below under "Election to Treat All Interest as Original Issue Discount" is permitted to reduce the daily portions of original issue discount by a fraction, the numerator of which is the excess of the United States Holder's adjusted basis in the Note immediately after its purchase over the adjusted issue price of the Note, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's adjusted issue price.

**Market Discount.** Under the Code, a Note, other than a Note that matures one year or less from the date of its issuance, will be treated as purchased at a market discount (a "Market Discount Note") if (i) the amount for which a United States Holder purchased the Note is less than the Note's issue price (as determined above under "Original Issue Discount -- General") and (ii) the Note's stated redemption price at maturity or, in the case of a Discount Note, the Note's "revised issue price," exceeds the amount for which the United States Holder purchased the Note by at least 1/4 of 1 percent of such Note's stated redemption price at maturity or revised issue price, respectively, multiplied by the number of complete years to the Note's maturity. If the excess, if any, referred to in the preceding sentence is not sufficient to cause the Note to be a Market Discount Note, then such excess constitutes "de minimis market discount". For these purposes, the revised issue price of a Note equals its issue price, increased by the amount of any original issue discount that has accrued on the Note (and probably reduced by payments other than qualified stated interest, although proposed regulations have not been issued under the market discount rules).

Any gain recognized on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a United States Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Note. Such an election shall apply to all debt instruments with market discount acquired by the electing United States Holder

on or after the first day of the first taxable year to which the election applies. This election may not be revoked without the consent of the Service.

Market discount on a Market Discount Note will accrue on a straight-line basis unless the United States Holder elects to accrue such market discount on a constant yield to maturity basis. Such an election shall apply only to the Note with respect to which it is made and may not be revoked without the consent of the Service. A United States Holder of a Market Discount Note who does not elect to include market discount in

S-17

18

income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

Pre-Issuance Accrued Interest. The Proposed Regulations provide that if (i) a portion of the initial purchase price of a Note is attributable to pre-issuance accrued interest, (ii) the first stated interest payment on the Note is to be made within one year of the Note's issue date and (iii) such payment will equal or exceed the amount of pre-issuance accrued interest, then the United States Holder may elect to decrease the issue price of the Note by the amount of pre-issuance accrued interest, in which case a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Note.

Optional Redemption. Under the Proposed Regulations, if the Company has an option to redeem a Note or the holder has an option to cause a Note to be repurchased, prior to the Note's stated maturity, such option will be presumed to be exercised if, by utilizing any date on which such Note may be redeemed or repurchased as the maturity date and the amount payable on such date in accordance with the terms of such Note as the principal amount payable at maturity, the yield on the Note would be (i) in the case of an option of the Company, lower than its yield to stated maturity or (ii) in the case of an option of the holder, higher than its yield to stated maturity. If such option is not in fact exercised when presumed to be exercised, the Note will be treated solely for original issue discount purposes as if it were redeemed or repurchased, and a new Note were issued, on the presumed exercise date for an amount equal to the Note's adjusted issue price on that date.

Election to Treat All Interest as Original Issue Discount. Under the Proposed Regulations, an accrual basis United States Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under the heading "Original Issue Discount -- General," with the modifications described below. For purposes of this election, interest includes stated interest, original issue discount, de minimis original issue discount, market discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium (described below under "Notes Purchased at a Premium") or acquisition premium. It is not clear, however, whether such an election may be made for Notes issued before the effective date of the Proposed Regulations.

In applying the constant yield method to a Note with respect to which this election has been made, the issue price of the Note will equal the electing United States Holder's adjusted basis in the Note immediately after its acquisition, the issue date of the Note will be the date of its acquisition by the electing United States Holder, and no payments on the Note will be treated as payments of qualified stated interest. This election will generally apply only to the Note with respect to which it is made and may not be revoked without the consent of the Service. If this election is made with respect to a Note with amortizable bond premium, then the electing United States Holder will be deemed to have elected to apply amortizable bond premium against interest with respect to all debt instruments with amortizable bond premium (other than debt instruments the interest on which is excludible from gross income) held by such electing United States Holder as of the beginning of the taxable year in which the Note with respect to which the election is made is acquired or thereafter acquired. The deemed election with respect to amortizable bond premium may not be revoked without the consent of the Service.

If the election to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, then the electing United States Holder will be treated as having made the election discussed above under "Original Issue Discount -- Market Discount" to include market discount in

income currently over the life of all debt instruments held or thereafter acquired by such United States Holder.

Variable Rate Notes. Under the Proposed Regulations, a "variable rate debt instrument" is a debt instrument that provides for (i) total noncontingent payments that equal or exceed its issue price and (ii) stated interest, compounded or paid at least annually, at (w) a single qualified floating rate, (x) a qualified floating rate followed by another qualified floating rate, (y) a fixed rate followed by a qualified floating rate, or (z) a single objective rate, where any such qualified floating or objective rate in effect during an accrual period will be set at a current value of such rate. A floating rate is a "qualified floating rate" if variations in such rate

S-18

19

can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds. An objective rate is a rate (other than a qualified floating rate) the formula for which is fixed throughout the term of the Note and which is based on the price of actively traded property (other than nonfunctional currency), an index of the price of such property, or one or more qualified floating rates. Under these rules, Commercial Paper Rate Notes, Prime Rate Notes, CD Rate Notes, Federal Funds Notes, LIBOR Notes and Treasury Rate Notes, other than certain Notes subject to interest rate caps or floors, should generally be treated as variable rate debt instruments.

Under the Proposed Regulations, stated interest on a Variable Rate Note is qualified stated interest if such interest is unconditionally payable at least annually. Where a Variable Rate Note provides for a fixed rate followed by a floating rate or a floating rate followed by another floating rate and the fair market value of the Note would not be approximately equal to its current fair market value if the latter rate were in effect throughout the term of the Note, then some portion of the interest on the Note will be treated as either accelerated or deferred interest and such accelerated or deferred interest will not be treated as qualified stated interest. If the substitution described in the preceding sentence would decrease the fair market value of the Note, then the interest for the initial interval (the interval in which the initial rate is in effect) that is attributable to the portion of the stated interest for such interval that is in excess of the hypothetical initial rate that would make the substitution have approximately no effect on the fair market value of the Note will be accelerated interest. If the substitution would increase the fair market value of the Note, then the interest for the later interval that is attributable to the portion of the stated interest for such interval that is in excess of the hypothetical latter rate that would make the substitution have approximately no effect on the fair market value of the Note is deferred interest.

Under the Proposed Regulations, the original issue discount for an accrual period on a Variable Rate Note that arises from stated interest that is not unconditionally payable at least annually (other than accelerated or deferred interest) is the amount of stated interest that actually accrues under the terms of the Note during the accrual period. The original issue discount on a Variable Rate Note that arises from (i) an excess of the Note's stated principal amount over its issue price ("true discount"), (ii) accelerated interest, or (iii) deferred interest must be allocated to an accrual period in accordance with a reasonable application of the constant yield method described above under "Original Issue Discount -- General."

The Code delegates to the Treasury Department the authority to prescribe special rules relating to the tax treatment, under the original issue discount provisions of the Code, of Notes that satisfy the definition of Variable Rate Notes. Because the Proposed Regulations are not yet effective, United States Holders should discuss with their tax advisors the treatment of such Notes under the Code and, if applicable, the Proposed Regulations that describe the application of the original issue discount provisions of the Code to debt instruments with contingent payments.

Amortizing Notes. The Proposed Regulations would apply different rules for determining whether original issue discount is de minimis with respect to Amortizing Notes. Purchasers of any such Notes should examine the Pricing Supplement for a discussion of the applicable rules.

Short-Term Notes. Under the Code, special rules apply with respect to original issue discount on a Note that matures one year or less from the date of its original issuance (a "short-term Note"). In general, an individual or other

cash basis United States Holder of a short-term Note is not required to accrue original issue discount for United States federal income tax purposes unless it elects to do so. Accrual basis United States Holders and certain other United States Holders, including banks, regulated investment companies, dealers in securities and cash basis United States Holders who so elect, are required to accrue original issue discount on short-term Notes on either a straight-line basis or under the constant yield method (based on daily compounding), at the election of the United States Holder. In the case of a United States Holder not required and not electing to include original issue discount in income currently, any gain realized on the sale, exchange, retirement or other disposition of the short-term Note will be ordinary income to the extent of the original issue discount accrued on a straight-line basis (unless an election is made to accrue the original issue discount under the constant yield method) through the date of such sale, exchange, retirement or other disposition. United States Holders who are not required and do not elect to accrue original issue discount on short-term

S-19

20

Notes will be required to defer deductions for interest on borrowings allocable to short-term Notes in an amount not exceeding the deferred income until the deferred income is realized.

For purposes of determining the amount of original issue discount subject to these rules, the Proposed Regulations provide that all interest payments on a short-term Note, including payments that otherwise would be qualified stated interest, are included in the short-term Note's stated redemption price at maturity.

Foreign Currency Discount Notes. Original issue discount for any accrual period on a Discount Note that is denominated in a foreign currency will be determined in such foreign currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis United States Holder, as described above under "Payments of Interest." Upon receipt of an amount attributable to original issue discount (whether in connection with a payment of interest or the sale or retirement of a Note), a United States Holder will recognize ordinary income or loss attributable to the difference, if any, between the exchange rate used to accrue the original issue discount and the exchange rate in effect on the date of receipt.

#### Notes Purchased at a Premium

Under the Code, a United States Holder that purchases a Note for an amount in excess of its principal amount may elect to treat such excess as "amortizable bond premium", in which case the amount required to be included in the United States Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to such year. In the case of a Note that is denominated in a foreign currency, bond premium will be computed in units of foreign currency, and amortizable bond premium will reduce interest income in units of the foreign currency. At the time amortized bond premium offsets interest income, exchange gain or loss (taxable as ordinary income or loss, but generally not as interest income or expense) is realized measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes. Any election to amortize bond premium shall apply to all bonds (other than bonds the interest on which is excludible from gross income) held by the United States Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the United States Holder, and is irrevocable without the consent of the Internal Revenue Service. See also "Original Issue Discount -- Election to Treat All Interest as Original Issue Discount".

#### Purchase, Sale and Retirement of the Notes

A United States Holder's tax basis in a Note, including a Discount Note, will generally be its U.S. dollar cost (which, in the case of a Note purchased with a foreign currency, will be the U.S. dollar value of the purchase price on the date of purchase), increased by the amount of any original issue discount or market discount included in the United States Holder's income with respect to the Note and, under the Proposed Regulations, the amount, if any, of income attributable to de minimis original issue discount included in the United States Holder's income with respect to the Note, and reduced by (i) the amount of any payments other than payments of fixed periodic interest (or, under the Proposed Regulations, the amount of any payments that are not qualified stated interest

payments), and (ii) by the amount of any amortizable bond premium applied to reduce interest on the Note. A United States Holder will generally recognize gain or loss on the sale, exchange, retirement or other disposition of a Note equal to the difference between the amount realized on such sale, exchange, retirement or other disposition and the tax basis of the Note. The amount realized on a sale, exchange, retirement or other disposition for an amount in foreign currency will be the U.S. dollar value of such amount on the date of such sale, exchange, retirement or other disposition. Except to the extent described above under "Original Issue Discount -- Short Term Notes" or "Original Issue Discount -- Market Discount", described in the next succeeding paragraph or attributable to accrued but unpaid interest, gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year.

Gain or loss recognized by a United States Holder on the sale, exchange, retirement or other disposition of a Note that is attributable to changes in exchange rates will be treated as ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realized on the transaction.

S-20

21

#### Exchange of Amounts in Other Than U.S. Dollars

Foreign currency received as interest on a Note or on the sale, exchange, retirement or other disposition of a Note will have a tax basis equal to its U.S. dollar value at the time such interest is received or at the time of such sale, exchange, retirement or other disposition. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or upon exchange for U.S. dollars) will be ordinary income or loss.

#### Indexed Notes and Notes with Other Special Features

The Company may decide to issue Notes linked to commodity prices, equity indices, the rate of exchange between the Specified Currency and any other currency or composite currency or other factors including Notes issued with contingent principal or contingent interest. The Company may also decide to issue Notes with other special features. Notes with any such features may be subject to different rules than those set forth in the preceding discussion. Purchasers of such Notes should carefully examine the applicable Pricing Supplement and should consult their own tax advisors with respect to the United States Federal income tax consequences of purchasing, holding and disposing of such Notes.

#### UNITED STATES ALIEN HOLDERS

For purposes of this discussion, a "United States Alien Holder" is any holder who or which is not a United States Holder.

Under present United States federal income and estate tax law and subject to the discussion of backup withholding below:

(i) payments of principal, premium (if any) and interest (including original issue discount) other than contingent interest (if any) by the Company or any of its paying agents to any holder of a Note who or which is a United States Alien Holder will not be subject to United States federal withholding tax; provided, that in the case of interest or original issue discount, (a) the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote, (b) the beneficial owner is not a controlled foreign corporation that is related to the Company (directly or indirectly) through stock ownership, and (c) either (A) the beneficial owner of the Note on behalf of a beneficial owner certifies to the Company or its agent, under penalties of perjury, that it is not a United States Holder and provides its name and address or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the Note on behalf of a beneficial owner certifies to the Company or its agent under penalties of perjury that such statement has been received from the beneficial owner by it or by a financial institution between it and the beneficial owner and furnishes the payor with a copy thereof;

(ii) a United States Alien Holder of a Note will not be subject to United States federal withholding tax on any gain realized on the sale, exchange, retirement or other disposition of a Note if (i) such gain is not effectively connected with a U.S. trade or business of the holder and (ii) in the case of an individual, such holder (A) is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition or (B) does not have a tax home (as defined in Section 911(d)(3) of the Code) in the United States in the taxable year of the sale, exchange, retirement or other disposition and the gain is not attributable to an office or other fixed place of business maintained by such individual in the United States; and

(iii) a Note or coupon (except to the extent that the value thereof is attributable to contingent interest, if any) held by an individual who at the time of death is not a citizen or resident of the United States and who qualified for the exemption from United States federal withholding tax discussed above will not be subject to United States federal estate tax as a result of such individual's death if the individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company

S-21

22

entitled to vote and the income on the Note would not have been effectively connected with a U.S. trade or business of the individual.

#### BACKUP WITHHOLDING AND INFORMATION REPORTING

##### United States Holders

In general, information reporting requirements will apply to payments of principal, any premium and interest made on a Note and the proceeds of the sale of a Note before maturity within the United States to, and to the accrual of original issue discount on a Discount Note with respect to, non-corporate United States Holders, and "backup withholding" at a rate of 31% will apply to such payments and to payments of original issue discount if the United States Holder fails to provide an accurate taxpayer identification number or fails to report all interest and dividends required to be shown on its federal income tax returns.

##### United States Alien Holders

Information reporting and backup withholding will not apply to payments of principal, premium (if any) and interest (including original issue discount) made by the Company or a paying agent to a United States Alien Holder on a Note if the certification described in clause (i)(c) under "United States Alien Holders" above is received or if the holder otherwise establishes an exemption, provided that the payor does not have actual knowledge that the holder is a United States person or that the conditions of any exemption are not in fact satisfied.

Payments of the proceeds from the sale by a United States Alien Holder of a Note made to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that if the broker is a United States person, a controlled foreign corporation for United States tax purposes or a foreign person 50% or more of whose gross income is effectively connected with a United States trade or business for a specified three-year period, information reporting may apply to such payments. Payments of the proceeds from the sale of a Note to or through the United States office of a broker is subject to information reporting and backup withholding unless the holder or beneficial owner certifies as to its non-United States status or otherwise establishes an exemption from information reporting and backup withholding.

#### PLAN OF DISTRIBUTION OF NOTES

Under the terms of a Distribution Agreement, dated January 12, 1994 (the "Distribution Agreement"), the Notes are offered on a continuing basis by the Company through the Distributors, each of which has agreed to use reasonable efforts to solicit purchases of the Notes. Unless otherwise disclosed in the applicable pricing supplement, the Company will pay a commission, or grant a discount, to the Distributors. The Company will pay each Distributor a commission of from .125% to .750% of the principal amount of each Note, depending on its Stated Maturity, sold through such Distributor, as agent. The

Company will have the sole right to accept offers to purchase Notes and may reject any such offer, in whole or in part. Each Distributor shall have the right, in its discretion reasonably exercised, without notice to the Company, to reject any offer to purchase Notes received by it, in whole or in part.

The Company also may sell Notes to any Distributor, acting as principal, at a discount to be agreed upon at the time of sale or, if no other discount is agreed, the Distributors may receive from the Company a discount or commission equivalent to that set forth on the cover page of this Prospectus Supplement. Such Notes may be resold at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices, as determined by such Distributor. Such Notes may also be resold to certain securities dealers who may resell to investors at the public offering price set forth on the cover page of the applicable Pricing Supplement. Such dealers also may receive compensation in the form of discounts, concessions or commissions from the Distributors and/or commissions from the purchasers for whom they may act as agents. Unless otherwise specified in the applicable pricing supplement, any concession allowed by any Distributor to any such dealer shall not be in excess of the commission or discount received by such

S-22

23

Distributor from the Company. The offering price and other selling terms for such resales may from time to time be varied by such Distributor.

The Distributors, whether acting as agents or as principals for their own accounts, may also receive commissions from purchasers of Notes for whom they may act as agents.

The Company has reserved the right to sell Notes directly on its own behalf and to accept (but not solicit) offers to purchase Notes through additional distributors on substantially the same terms and conditions (including commission rates) as would apply to purchases of Notes pursuant to the Distribution Agreement. Such additional distributors or agents, as the case may be, will be named in the applicable Pricing Supplement. No commission will be payable on any Notes sold directly by the Company.

The Distributors and any dealers to whom the Distributors may sell Notes may be deemed to be "underwriters" within the meaning of the Securities Act of 1933 (the "Act"). The Company has agreed to indemnify the Distributors against certain liabilities, including civil liabilities under the Securities Act of 1933, or contribute to payments which the Distributors may be required to make in respect thereof. The Company has agreed to reimburse the Distributors for certain expenses.

Unless otherwise indicated in the applicable Pricing Supplement, payment of the purchase price of Notes, other than Foreign Currency Notes, will be required to be made in funds immediately available in The City of New York. With respect to payment of the purchase price of Foreign Currency Notes, see "Important Currency Exchange Information" herein.

In the ordinary course of their respective businesses, each of the Distributors and certain of their respective affiliates have engaged in transactions with and provided, and may in the future provide, investment banking and/or commercial banking services for the Company. J.P. Morgan Securities Inc., a Distributor, is an affiliate of Morgan Guaranty Trust Company of New York, the Trustee under the Indenture.

#### VALIDITY OF NOTES

The validity of the Notes will be passed upon for the Company by Dechert Price & Rhoads, Philadelphia, Pennsylvania, and for the Distributors by Cravath, Swaine & Moore, New York, New York. The opinions of Dechert Price & Rhoads and Cravath, Swaine & Moore will be conditioned upon, and subject to certain assumptions regarding future action required to be taken by the Company and the Trustee in connection with the issuance and sale of any particular Note, the specific terms of Notes and other matters which may affect the validity of Notes but which cannot be ascertained on the date of such opinions.

#### GLOSSARY

Set forth below are definitions, or the locations elsewhere of definitions, of some of the terms used in this Prospectus Supplement.



"Calculation Agent" means the agent appointed by the Company to calculate interest rates for Floating Rate Notes. Unless otherwise provided in a Pricing Supplement, the Calculation Agent will be Morgan Guaranty Trust Company of New York.

"Calculation Date" means the date on which the Calculation Agent is to calculate an interest rate for a Floating Rate Note, which is the applicable date set forth below, unless otherwise indicated in the applicable Pricing Supplement:

Prime Rate -- The Prime Rate Interest Determination Date.

CD Rate -- The earlier of (i) the tenth day after the related CD Rate Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

S-23

24

Commercial Paper Rate -- The earlier of (i) the tenth day after the related Commercial Paper Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

LIBOR -- The LIBOR Interest Determination Date.

Treasury Rate -- The earlier of (i) the tenth day after the related Treasury Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

Federal Funds Rate -- The earlier of (i) the tenth day after the related Federal Funds Effective Interest Determination Date or, if such day is not a Market Day, the next succeeding Market Day; and (ii) the Market Day next preceding the relevant Interest Payment Date or date of Maturity, as the case may be.

"CD Rate" means the rate calculated as set forth under the heading "Description of Notes -- Floating Rate Notes -- CD Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"Commercial Paper Rate" means the rate calculated as set forth under the heading "Description of Notes -- Floating Rate Notes -- Commercial Paper Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"Composite Quotations" means the daily statistical release entitled "Composite 3:30 P.M. Quotations for U.S. Government Securities", or any successor publication, published by the Federal Reserve Bank of New York.

"Exchange Rate Agent" means the agent appointed by the Company to convert principal and any premium and interest payments in respect of Foreign Currency Notes into U.S. dollars. Unless otherwise provided in a Pricing Supplement, the Exchange Rate Agent will be Morgan Guaranty Trust Company of New York.

"Federal Funds Rate" means the rate calculated as set forth under the heading "Description of Notes -- Floating Rate Notes -- Federal Funds Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"Fixed Rate Note" shall have the meaning set forth under the heading "Description of Notes -- Interest".

"Floating Rate Notes" shall have the meaning set forth under the heading "Description of Notes -- Interest".

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

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

"Initial Interest Rate" means the rate at which Floating Rate Note will bear interest from its Issue Date (or that of a predecessor Note) to the first 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 Reset Date and calculated on the related Calculation Date (except in the case of Prime Rate and LIBOR, which are calculated on the related Prime Rate Interest Determination Date and LIBOR Interest Determination Date, respectively). See the fourth paragraph under the heading "Description of Notes -- Floating Rate Notes" for the Interest Determination Dates for Floating

S-24

25

Rate Notes. The Interest Determination Dates for any Floating Rate Note will also be indicated in the applicable Pricing Supplement.

"Interest Reset Date" means the date on which a Floating Rate Note will begin to bear interest at the variable interest rate determined as of any Interest Determination Date. See the third paragraph under the heading "Floating Rate Notes" for the applicable Reset Dates for such Notes. The Reset Dates with respect to any Floating Rate Note will also be set forth in the applicable Pricing Supplement and in such Note.

"LIBOR" means the rate calculated as set forth under the heading "Description of Notes -- Floating Rate Notes -- LIBOR Notes", unless otherwise indicated in the applicable Pricing Supplement.

"London Market Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

"Market Day" means (a) with respect to any Note, any day that is not a Saturday or Sunday and that, in The City of New York, is not a day on which banking institutions generally are authorized or obligated by law or executive order to close, and (b) with respect to LIBOR Notes only, any such day on which dealings in deposits in U.S. dollars are transacted in the London interbank market, (c) with respect to Foreign Currency Notes (other than Foreign Currency Notes denominated in European Currency Units ("ECUs")) only, any such day that is not a Saturday or Sunday and that, in the principal financial center of the country of the Specified Currency is not a day on which banking institutions generally are authorized or obligated by law or executive order to close and (d) with respect to Foreign Currency Notes denominated in ECU, any day that is designated as an ECU settlement day by the ECU Banking Association in Paris or otherwise generally regarded in the ECU interbank market as a day in which payments in ECU are made.

"Market Exchange Rate" for any Specified Currency means the noon buying rate in The City of New York for cable transfers for such Specified Currency as certified for customs purposes by (or if not so certified as otherwise determined by) the Federal Reserve Bank of New York.

"Prime Rate" means the rate calculated as set forth under the heading "Description of Notes -- Floating Rate Notes -- Prime Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

"Specified Currency" shall have the meaning set forth under the heading "Important Currency Exchange Information".

"Spread" means the number of basis points specified in the Note and the applicable Pricing Supplement as being applicable to the interest rate for a particular Floating Rate Note.

"Spread Multiplier" means the percentage specified in the Note and the applicable Pricing Supplement as being applicable to the interest rate for a particular Floating Rate Note.

"Telerate Page 3750" means the display page so designated on the Dow Jones Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying rates or prices relating to LIBOR).

"Treasury Rate" means the interest rate calculated as set forth under the

heading "Description of Notes -- Floating Rate Notes -- Treasury Rate Notes", unless otherwise indicated in the applicable Pricing Supplement.

S-25

26

-----  
-----

NO DEALER, AGENT, SALESPERSON OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS, PROSPECTUS SUPPLEMENT AND ANY PRICING SUPPLEMENT IN CONNECTION WITH THE OFFER CONTAINED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY DISTRIBUTOR. THIS PROSPECTUS, PROSPECTUS SUPPLEMENT AND ANY PRICING SUPPLEMENT SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES DESCRIBED IN THIS PROSPECTUS, PROSPECTUS SUPPLEMENT OR ANY PRICING SUPPLEMENT OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS, PROSPECTUS SUPPLEMENT OR ANY PRICING SUPPLEMENT NOR ANY SALE MADE HEREUNDER OR THEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN OR THEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THEIR RESPECTIVE DATES.

-----  
TABLE OF CONTENTS

	PAGE
	----
PROSPECTUS SUPPLEMENT	
Important Currency Exchange Information.....	S- 2
Description of Notes.....	S- 2
Special Provisions Relating to Foreign Currency Notes.....	S-14
United States Taxation.....	S-15
Plan of Distribution of Notes.....	S-22
Validity of Notes.....	S-23
Glossary.....	S-23
PROSPECTUS	
Available Information.....	2
Incorporation of Certain Documents by Reference.....	2
The Company.....	3
Selected Consolidated Financial Data.....	6
Use of Proceeds.....	7
Capitalization.....	7
Description of Debt Securities.....	8
Plan of Distribution.....	17
Validity of Offered Debt Securities...	18
Experts.....	18

-----  
-----  
-----  
-----

[Car Tech Logo]

CARPENTER TECHNOLOGY CORPORATION

U.S. \$100,000,000

MEDIUM-TERM NOTES, SERIES A

-----  
PROSPECTUS SUPPLEMENT  
-----

CS First Boston

J.P. Morgan Securities Inc.  
-----  
-----