

As filed with the Securities and Exchange Commission on March 1, 2013

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Eli Lilly and Company

(Exact name of registrant as specified in its charter)

Indiana

*(State or other jurisdiction of
incorporation or organization)*

35-0470950

*(I.R.S. Employer
Identification Number)*

**Lilly Corporate Center
Indianapolis, Indiana 46285
(317) 276-2000**

*(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)*

**Michael J. Harrington, Esq.
Senior Vice President and General Counsel
Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285
(317) 276-2000**

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copy to:

**Kerry Burke
Covington & Burling LLP
1201 Pennsylvania Avenue, NW
Washington, DC 20004
(202) 662 5297**

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

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

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

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

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

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount To Be Registered(1)(2)	Proposed Maximum Offering Price Per Unit(1)(2)	Proposed Maximum Aggregate Offering Price(1)(2)(3)	Amount of Registration Fee(4)
Common Stock	—	—	—	—
Preferred Stock	—	—	—	—
Depositary Shares representing Preferred Stock	—	—	—	—
Debt Securities	—	—	—	—
Warrants	—	—	—	—
Stock Purchase Contracts	—	—	—	—
Stock Purchase Units	—	—	—	—
Total	—	—	—	—

(1) Not specified as to each class of securities to be registered, pursuant to General Instruction II.E. of Form S-3.

(2) An indeterminate aggregate initial offering price and number or amount of the securities of each identified class is being registered as may from time to time be issued at indeterminate prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by depositary shares.

(3) Exclusive of accrued interest and accumulated dividends, if any.

(4) In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all of the registration fee.

Eli Lilly and Company

**Common Stock
Preferred Stock
Depositary Shares
Debt Securities
Warrants
Stock Purchase Contracts
Stock Purchase Units**

You should read this prospectus and the applicable prospectus supplement carefully before you invest in any of our securities.

Under this prospectus, we may sell, from time to time, in one or more offerings:

- common stock;
- preferred stock;
- depositary shares representing preferred stock;
- debt securities;
- warrants;
- stock purchase contracts; and
- stock purchase units.

Our common stock is listed on the New York Stock Exchange under the symbol "LLY". Our principal executive offices are located at Lilly Corporate Center, Indianapolis, Indiana 46285, and our telephone number is (317) 276-2000.

The applicable prospectus supplement will contain the specific terms of the securities being offered thereby. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

We may sell these securities to or through underwriters, dealers or agents. We may also sell these securities directly or through our subsidiaries to purchasers.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Investing in our securities involves risks. See "Risk Factors" on page 2 of this prospectus.

The date of this prospectus is March 1, 2013.

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ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission, or SEC, as a “well-known seasoned issuer,” as defined under Rule 405 under the Securities Act of 1933, as amended, or the Securities Act. Under this shelf registration process, we may, from time to time, in one or more offerings, sell any of the securities described in this prospectus.

This prospectus provides you with a general description of the securities we may offer. Each time we offer any of the securities, we will prepare a prospectus supplement that will contain certain specific information about the terms of that offering and the securities being offered thereby. The applicable prospectus supplement may also add, update or change information contained in this prospectus. You should read this prospectus and the applicable prospectus supplement together with the additional information described under the heading “Documents Incorporated by Reference into this Prospectus” in this prospectus in their entirety.

The registration statement that contains this prospectus, and the exhibits to the registration statement, contain additional information about us and the securities that we may offer under this prospectus. Statements contained in this prospectus as to the contents of any contract or other document are not necessarily complete, and in each instance reference is made to the copy of that contract or other document filed as an exhibit to the registration statement, each such statement being qualified in all respects by that reference and the exhibits and schedules thereto. The registration statement and exhibits can be read at the SEC’s web site or at the SEC office mentioned under the heading “Where You Can Find More Information” in this prospectus.

We may include agreements as exhibits to the registration statement of which this prospectus forms a part. In reviewing such agreements, please remember they are included to provide you with information regarding their terms and are not intended to provide any other factual or disclosure information about us or the other parties to the agreements. The agreements may contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties have been made solely for the benefit of the other parties to the applicable agreement and:

- should not be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other party in connection with the negotiation of the applicable agreement, which disclosures would not necessarily be reflected in the agreement;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors in our securities; and
- were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement, are subject to more recent developments, and therefore may no longer be accurate.

RISK FACTORS

Our business is subject to uncertainties and risks and an investment in our securities involves risks. You should carefully consider and evaluate all of the information included and incorporated by reference in this prospectus, including the risk factors incorporated by reference from our most recent annual report on Form 10-K, as updated by our quarterly reports on Form 10-Q and other SEC filings, before investing in our securities. We may include additional risks related to the securities being offered in the prospectus supplement relating to that offering. It is possible that our business, financial condition, liquidity, results of operations and prospects could be materially adversely affected by any of these risks.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and periodic reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file with the SEC at its public reference facility at 100 F Street, N.E., Washington, D.C. 20549.

You may also obtain copies of our SEC filings at prescribed rates by writing to the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference facility.

Our SEC filings are available at the office of the New York Stock Exchange. For further information on obtaining copies of our SEC filings from the New York Stock Exchange, you should call (212) 656-3000.

DOCUMENTS INCORPORATED BY REFERENCE INTO THIS PROSPECTUS

The SEC allows us to "incorporate by reference" into this prospectus information which we file with the SEC. This means that we can disclose important information to you by referring you to the documents containing that information and that such information will be regarded as an important part of this prospectus.

We incorporate by reference information contained in our annual report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 21, 2013. We also incorporate the description of our common stock set forth in our registration statement filed pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and any amendment or report filed for the purpose of updating that description.

We also incorporate by reference any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of the filing of the registration statement and, in the case of any particular offering of securities, until such offering of securities is terminated. Our future filings with the SEC will automatically update and supersede any inconsistent information in this prospectus and in our other SEC filings, and such outdated or inconsistent information will no longer be regarded as part of this prospectus.

You may obtain a free copy of these filings from us by telephoning or writing to us at the following address and telephone number:

Shareholder Services Department
 Eli Lilly and Company
 Lilly Corporate Center
 Indianapolis, Indiana 46285
 Tel.: (317) 276-2000

You should rely only on the information contained or incorporated by reference in this prospectus and the applicable prospectus supplement and any free writing prospectus we have prepared or authorized for use with respect to a particular offering of our securities under this prospectus. We have not authorized anyone to provide you with different or additional information and, accordingly, you should not rely on any such information if it is provided to you. We are not making an offer to sell, or the solicitation of an offer to buy, any of these securities in any jurisdiction where an offer or sale is not permitted. You should not assume that the information contained in this prospectus or the applicable prospectus supplement is accurate as of any date other than the date on the front cover of this prospectus or the applicable prospectus

supplement, as the case may be, or that the information incorporated by reference herein and therein is accurate as of any date other than the date of the relevant report or other document in which such information is contained.

ELI LILLY AND COMPANY

We were incorporated in 1901 in Indiana to succeed to the drug manufacturing business founded in Indianapolis, Indiana, in 1876 by Colonel Eli Lilly. We discover, develop, manufacture and sell products in two significant business segments - human pharmaceutical products and animal health products. We manufacture and distribute our products through owned or leased facilities in the United States, Puerto Rico and 11 other countries. Our products are sold in approximately 130 countries.

Most of the products we sell today were discovered or developed by our own scientists, and our success depends to a great extent on our ability to continue to discover and develop innovative new pharmaceutical products. We direct our research efforts primarily toward the search for products to prevent and treat human diseases. We also conduct research to find products to treat diseases in animals and to increase the efficiency of animal food production.

Our corporate offices are located at Lilly Corporate Center, Indianapolis, Indiana 46285, our telephone number is (317) 276-2000 and our website is <http://www.lilly.com>. The information contained in, or that can be accessed through, our website is not a part of, or incorporated by reference in, this prospectus.

RATIO OF EARNINGS TO FIXED CHARGES

No shares of our preferred stock were outstanding during the years ended December 31, 2012, 2011, 2010, 2009, and 2008. Accordingly, the ratio of earnings to fixed charges and preferred dividends is not separately stated from the ratio of earnings to fixed charges for each such period in the below table. The below table indicates our ratio of earnings (loss) to fixed charges for each such period:

	Year Ended December 31,				
	2012	2011	2010	2009	2008
Ratio of Earnings (Loss) to Fixed Charges ¹	28.1	26.1	31.7	19.3	N/M ²

N/M - Not Meaningful

¹ Interest is based upon interest expense reported as such in the consolidated income statement and does not include any interest related to unrecognized tax benefits, which is included in income tax expense.

² For such ratio, earnings were \$1.31 billion less than fixed charges. The loss for the year ended December 31, 2008, included special charges of \$1.48 billion related to the settlement of a U.S. government investigation of our marketing practices for Zyprexa[®], and acquired in-process research and development expense of \$4.69 billion associated with the ImClone acquisition.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Some of the information included or incorporated by reference in this prospectus and other written and oral statements made by us from time to time contain "forward-looking statements" as defined by the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, among other things, discussions concerning our potential exposure to market risks, as well as statements expressing our expectations, beliefs, estimates, forecasts, projections and assumptions about the future. Forward-looking statements can be identified by the use of words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "could," "possible," "plan," "project," "will," "forecast" and similar words or expressions. Forward-looking statements are only predictions. Our forward-looking statements generally relate to our strategies, financial results, product development and regulatory approval programs, and sales efforts. You should carefully consider forward-looking statements and understand that actual events or results may differ materially as a result of a variety of risks and uncertainties, known and unknown, and other factors facing our company. It is not possible to foresee or identify all factors affecting our forward-looking statements; therefore, investors should not consider any list of factors affecting our forward-looking statements to be an exhaustive statement of all risks or uncertainties.

We caution investors that any forward-looking statements are based on currently available operational, financial and competitive information, and they should not place undue reliance on these forward-looking statements, which reflect management's opinion only as of the date on which they were made. Except as required by law, we disclaim any obligation to review or update these forward-looking statements to reflect events or circumstances as they occur.

USE OF PROCEEDS

We intend to use the net proceeds from the sale of the securities for general corporate purposes, unless otherwise specified in the applicable prospectus supplement.

DESCRIPTION OF SECURITIES

This prospectus contains a summary of our common stock, preferred stock, depositary shares, debt securities, warrants, stock purchase contracts and stock purchase units. These summaries are not meant to be a complete description of each security. Certain specific terms of any security to be issued pursuant hereto will be set forth in a related prospectus supplement.

DESCRIPTION OF CAPITAL STOCK

As of the date hereof, our authorized capital stock consists of 3,205,000,000 shares, of which 3,200,000,000 shares are common stock, without par value, and 5,000,000 shares are preferred stock, without par value. Of our preferred stock, 1,500,000 shares have been designated as Series B Junior Participating Preferred Stock. As of February 15, 2013, there were 1,138,925,891 shares of common stock outstanding. None of our preferred stock was issued and outstanding as of February 15, 2013. All of our issued and outstanding shares of common stock are fully paid and non-assessable.

Common Stock

Dividend Rights. Subject to the dividend rights of the holders of any outstanding shares of preferred stock, the holders of shares of common stock are entitled to receive ratably such dividends as may be lawfully declared at any time by the board of directors.

Rights Upon Liquidation. Upon liquidation, dissolution or winding up of our affairs, after payment to the holders of any outstanding shares of preferred stock of the full amount to which they are entitled, the holders of shares of common stock are entitled, to the exclusion of any holders of preferred stock, to share ratably in our assets that are legally available for distribution after satisfaction of our liabilities.

No Conversion, Redemption or Preemptive Rights. Holders of our common stock have no conversion, redemption, preemptive or similar rights.

Voting Rights. Each outstanding share of common stock is entitled to one vote on all matters submitted to a vote of shareholders. Our amended articles of incorporation do not provide for cumulative voting in the election of directors.

Preferred Stock

Our amended articles of incorporation authorize our board of directors, without further shareholder action, to provide for the issuance of up to 5,000,000 shares of preferred stock, in one or more series, and to fix, by the adoption and filing in accordance with the Indiana Business Corporation Law, or the IBCL, of an amendment or amendments to the amended articles of incorporation, the designations, terms and relative rights and preferences, including the dividend rate, voting rights, conversion rights, redemption and sinking fund provisions and liquidation preferences, of each of these series. We may amend from time to time our amended articles of incorporation to increase the number of authorized shares of preferred stock. Any such amendment would require the approval of the holders of a majority of our shares entitled to vote.

Certain specific terms of the preferred stock that we offer in the future will be described in the applicable prospectus supplement relating to that preferred stock. Investors are urged to carefully review the terms contained in such prospectus supplement, as well as the articles of amendment establishing such terms that we file with the Secretary of State of the State of Indiana and the SEC. Those terms may include:

- the title and liquidation preference per share of the preferred stock and the number of shares offered;
- the initial aggregate offering price of the preferred stock;
- the dividend rate (or method of calculation), the dates on which dividends will be payable, whether dividends shall be cumulative and, if so, the date from which the dividends will begin to accumulate;
- any redemption or sinking fund provisions of the preferred stock;
- any conversion rights applicable to the preferred stock;
- the voting rights, if any, of the preferred stock;
- important federal income tax considerations; and
- any additional dividend, liquidation, redemption, sinking fund, conversion and other rights, preferences, privileges, limitations and restrictions of the preferred stock.

Dividend Rights. The preferred stock will have a preference over the common stock as to payment of dividends. Before any dividends or distributions (other than dividends or distributions payable in common stock or other stock ranking junior to that series of preferred stock as to dividends and upon liquidation) on the common stock or other stock ranking junior to that series of preferred stock as to dividends and upon liquidation shall be declared and set apart for payment or paid, the holders of shares of each series of preferred stock (unless otherwise set forth in the applicable prospectus supplement) will be entitled to receive dividends when, as and if declared by our board of directors or, if dividends are cumulative, full cumulative dividends for the current and all prior dividend periods. We will pay those dividends either in cash, shares of preferred stock, or otherwise, at the rate and on the date or dates set forth in the applicable prospectus supplement. With respect to each series of preferred stock that has cumulative dividends, the dividends on each share of the series will be cumulative from the date of issue of the share unless some other date is set forth in the prospectus supplement relating to the series. Accruals of dividends will not bear interest. The applicable prospectus supplement will indicate the relative ranking of the particular series of the preferred stock as to the payment of dividends, as compared with then-existing and future series of preferred stock.

Rights Upon Liquidation. The preferred stock of each series will be preferred over the common stock and other stock ranking junior to that series of preferred stock as to assets, so that the holders of that series of preferred stock (unless otherwise set forth in the applicable prospectus supplement) will be entitled to be paid, upon our voluntary or involuntary liquidation, dissolution or winding up, and before any distribution is made to the holders of common stock and other stock ranking junior to that series of preferred stock, the amount set forth in the applicable prospectus supplement. However, in this case the holders of preferred stock of that series will not be entitled to any other or further payment. If upon any liquidation, dissolution or winding up, our net assets are insufficient to permit the payment in full of the respective amounts to which the holders of all outstanding preferred stock are entitled, our entire remaining net assets will be distributed among the holders of each series of preferred stock in amounts proportional to the full amounts to which the holders of each series are entitled, subject to any provisions of any series of preferred stock that rank it junior or senior to other series of preferred stock upon liquidation. The applicable prospectus supplement will indicate the relative ranking of the particular series of the preferred stock upon liquidation, as compared with then-existing and future series of preferred stock.

Conversion, Redemption or Exchange Rights. The shares of a series of preferred stock will be convertible at the option of the holder of the preferred stock, redeemable at our option or the option of the holder, as applicable, or exchangeable at our option, into another security, in each case, to the extent set forth in the applicable prospectus supplement.

Voting Rights. Except as indicated in the applicable prospectus supplement or as otherwise from time to time required by law, the holders of preferred stock will have no voting rights other than those fixed by the board of directors pursuant to Article 7 of our amended articles of incorporation.

Anti-Takeover Effects of Provisions of our Amended Articles of Incorporation and our Amended By-Laws

Our amended articles of incorporation and our amended by-laws contain certain provisions that may be deemed to have an anti-takeover effect and may delay, deter or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

Our amended by-laws provide that special meetings of holders of common stock may be called only by our board of directors or the Chairman of the board of directors. Holders of our common stock are not permitted to call a special meeting or to require that our board of directors call a special meeting of shareholders.

Our amended by-laws establish an advance notice procedure for the nomination, other than by or at the direction of our board of directors, of candidates for election as directors as well as for other shareholder proposals to be considered at annual meetings of shareholders. In general, notice of intent to nominate a director or raise business at such meetings must be received by us not less than 120 days nor more than 180 days prior to the date on which our proxy statement is released to shareholders in connection with the previous year's annual meeting and must contain certain specified information concerning the person to be nominated or the matters to be brought before the meeting and concerning the shareholder submitting the proposal.

Our amended articles of incorporation provide for our board of directors to be divided into three classes of directors, as nearly equal in number as possible, serving staggered terms of office. Approximately one-third of our board of directors is elected each year to three-year terms of office. In addition, our directors (other than directors appointed by holders of preferred stock) may be removed only for cause and only upon the affirmative vote of holders of 80% of our outstanding voting stock.

Our amended articles of incorporation provide that, in addition to any affirmative vote required by law, the affirmative vote of holders of 80% of our outstanding voting stock shall be necessary to approve certain major business transactions (such as mergers or asset sales with an interested shareholder or our liquidation), unless approved by our board of directors in the manner prescribed in such articles.

The foregoing summary is qualified in its entirety by the provisions of our amended articles of incorporation and our amended by-laws, copies of which have been filed with the SEC.

Certain Provisions of the Indiana Business Corporation Law

As an Indiana corporation, we are governed by the IBCL. Under specified circumstances, the following provisions of the IBCL may delay, prevent or make more difficult certain unsolicited acquisitions or changes of control of us. These provisions also may have the effect of preventing changes in our management. It is possible that these provisions could make it more difficult to accomplish transactions which shareholders may otherwise deem to be in their best interest.

Special Meetings by the Shareholders. Under Chapter 29 of the IBCL, any action required or permitted to be taken by the holders of common stock may be effected only at an annual meeting or special meeting of such holders, and shareholders may act in lieu of such meetings only by unanimous written consent.

Control Share Acquisitions. Under Chapter 42 of the IBCL, an acquiring person or group who makes a “control share acquisition” in an “issuing public corporation” may not exercise voting rights on any “control shares” unless these voting rights are conferred by a majority vote of the disinterested shareholders of the issuing public corporation at a special meeting of those shareholders held upon the request and at the expense of the acquiring person. If control shares acquired in a control share acquisition are accorded full voting rights and the acquiring person has acquired control shares with a majority or more of all voting power, all shareholders of the issuing public corporation have dissenters’ rights to receive the fair value of their shares pursuant to Chapter 44 of the IBCL.

Under the IBCL, “control shares” means shares acquired by a person that, when added to all other shares of the issuing public corporation owned by that person or in respect to which that person may exercise or direct the exercise of voting power, would otherwise entitle that person to exercise voting power of the issuing public corporation in the election of directors within any of the following ranges:

- one-fifth or more but less than one-third;
- one-third or more but less than a majority; or
- a majority or more.

“Control share acquisition” means, subject to specified exceptions, the acquisition, directly or indirectly, by any person of ownership of, or the power to direct the exercise of voting power with respect to, issued and outstanding control shares. For the purposes of determining whether an acquisition constitutes a control share acquisition, shares acquired within 90 days or under a plan to make a control share acquisition are considered to have been acquired in the same acquisition. “Issuing public corporation” means a corporation which has (i) 100 or more shareholders, (ii) its principal place of business or its principal office in Indiana, or that owns or controls assets within Indiana having a fair market value of greater than \$1,000,000, and (iii) (A) more than 10% of its shareholders resident in Indiana, (B) more than 10% of its shares owned of record or owned beneficially by Indiana residents, or (C) 1,000 shareholders resident in Indiana.

The above provisions do not apply if, before a control share acquisition is made, the corporation's articles of incorporation or by-laws, including a by-law adopted by the corporation's board of directors, provide that they do not apply. Our amended articles of incorporation and our amended by-laws do not currently exclude us from Chapter 42.

Certain Business Combinations. Chapter 43 of the IBCL restricts the ability of a “resident domestic corporation” to engage in any combinations with an “interested shareholder” for five years after the date the interested shareholder became such, unless the combination or the purchase of shares by the interested shareholder on the interested shareholder's date of acquiring shares is approved by the board of directors of the resident domestic corporation before that date. If the combination was not previously approved, the interested shareholder may effect a combination after the five-year period only if that shareholder receives approval from a majority of the disinterested shareholders or the offer meets specified fair price criteria. For purposes of the above provisions, “resident domestic corporation” means an Indiana corporation that has 100 or more shareholders. “Interested shareholder” means any person, other than the resident domestic corporation or its subsidiaries, who is (1) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the resident domestic corporation or (2) an affiliate or associate of the resident domestic corporation, which at any time within the five-year period immediately before the date in question, was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding shares of the resident domestic corporation.

The definition of “beneficial owner” for purposes of Chapter 43, means a person who, directly or indirectly, has the right to acquire or vote the subject shares (excluding voting rights under revocable proxies made in accordance with federal law), has any agreement, arrangement or understanding for the purpose of acquiring, holding or voting or disposing of the subject shares, or holds any “derivative instrument” that includes the opportunity to profit or share in any profit derived from any increase in the value of the subject shares.

The above provisions do not apply to corporations that elect not to be subject to Chapter 43 in an amendment to their articles of incorporation approved by a majority of the disinterested shareholders. That amendment, however, cannot become effective until 18 months after its passage and would apply only to share acquisitions occurring after its effective date. Our amended articles of incorporation do not exclude us from Chapter 43.

Directors' Duties and Liability. Under Chapter 35 of the IBCL, directors are required to discharge their duties:

- in good faith;
- with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and

- in a manner the directors reasonably believe to be in the best interests of the corporation.

However, the IBCL also provides that a director is not liable for any action taken as a director, or any failure to act, regardless of the nature of the alleged breach of duty (including breaches of the duty of care, the duty of loyalty, and the duty of good faith) unless the director has breached or failed to perform the duties of the director's office and the action or failure to act constitutes willful misconduct or recklessness.

This exoneration from liability under the IBCL does not affect the liability of directors for violations of the federal securities laws.

Chapter 35 of the IBCL also provides that a board of directors, in discharging its duties, may consider, in its discretion, both the long-term and short-term best interests of the corporation, taking into account, and weighing as the directors deem appropriate, the effects of an action on the corporation's shareholders, employees, suppliers and customers and the communities in which offices or other facilities of the corporation are located and any other factors the directors consider pertinent. Directors are not required to consider the effects of a proposed corporate action on any particular corporate constituent group or interest as a dominant or controlling factor. If a determination is made with the approval of a majority of the disinterested directors of the board, that determination is conclusively presumed to be valid unless it can be demonstrated that the determination was not made in good faith after reasonable investigation. Chapter 35 specifically provides that specified judicial decisions in Delaware and other jurisdictions, which might be looked upon for guidance in interpreting Indiana law, including decisions that propose a higher or different degree of scrutiny in response to a proposed acquisition of the corporation, are inconsistent with the proper application of the business judgment rule under that section.

Mandatory Classified Board of Directors. Under Chapter 33 of the IBCL, a corporation with a class of voting shares registered with the SEC under Section 12 of the Exchange Act must have a classified board of directors unless the corporation adopts a by-law expressly electing not to be governed by this provision by the later of July 31, 2009 or 30 days after the corporation's voting shares are registered under Section 12 of the Exchange Act. Although our amended articles of incorporation provide for a classified board of directors (and that provision can only be amended upon the affirmative vote of holders of 80% of our outstanding voting stock), we adopted an amendment to our amended by-laws electing not to be subject to this mandatory requirement effective July 13, 2009; however, the IBCL permits this election to be rescinded by subsequent action of our board of directors.

Certain Effects of Authorized But Unissued Stock

Our authorized but unissued shares of common stock and preferred stock may be issued without additional shareholder approval and may be utilized for a variety of corporate purposes, including future offerings to raise additional capital or to facilitate corporate acquisitions.

The issuance of preferred stock could have the effect of delaying or preventing a change in control of us. The issuance of preferred stock could decrease the amount available for distribution to holders of our common stock or could adversely affect the rights and powers, including voting rights, of such holders. In certain circumstances, such issuance could have the effect of decreasing the market price of our common stock.

One of the effects of the existence of unissued and unreserved common stock or preferred stock may be to enable our board of directors to issue shares to persons friendly to current management, which could render more difficult or discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of management. Such additional shares also could be used to dilute the stock ownership of persons seeking to obtain control of us.

We plan to issue additional shares of common stock in connection with our employee benefit plans.

Transfer Agent and Registrar

Wells Fargo Shareowner Services acts as transfer agent and registrar of our common stock.

Listing

Our common stock is listed on the New York Stock Exchange under the symbol "LLY".

DESCRIPTION OF DEPOSITARY SHARES

The following description of the depositary shares does not purport to be complete and is subject to, and qualified in its entirety by, the deposit agreement and the depositary receipt relating to the preferred stock that is attached to the deposit agreement. You should read these documents as they, and not this description, define your rights as a holder of depositary shares. Forms of these documents will be filed with the SEC as exhibits to the registration statement of which this prospectus forms a part.

If we elect to offer fractional interests in shares of preferred stock, we will provide for the issuance by a depositary of depositary receipts for depositary shares. Each depositary share will represent fractional interests of preferred stock. We will deposit the shares of preferred stock underlying the depositary shares under a deposit agreement between us and a bank or trust company selected by us. The bank or trust company must have its principal office in the United States and a combined capital and surplus of at least \$50 million. The depositary receipts will evidence the depositary shares issued under the deposit agreement.

The deposit agreement will contain terms applicable to the holders of depositary shares in addition to the terms stated in the depositary receipts. Each holder of depositary shares will be entitled to all the rights and preferences of the preferred stock underlying the depositary shares in proportion to the applicable fractional interest in the underlying shares of preferred stock. The depositary will issue depositary receipts to individuals purchasing the fractional interests in shares of the related preferred stock according to the terms of the offering described in the applicable prospectus supplement.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received for the preferred stock to the holders of depositary shares in proportion to the number of depositary shares that they own on the relevant record date. The depositary will distribute only an amount that can be distributed without attributing to any holder of depositary shares a fraction of one cent. The depositary will add any undistributed balance to, and treat it as part of, the next sum received by the depositary for distribution to holders of depositary shares.

If there is a non-cash distribution, the depositary will distribute property received by it to the holders of depositary shares in proportion, insofar as possible, to the number of depositary shares owned by them, unless the depositary determines, after consultation with us, that it is not feasible to make such distribution. If this occurs, the depositary may, with our approval, sell such property and distribute the net proceeds from the sale to the holders. The deposit agreement also will contain provisions relating to how any subscription or similar rights that we may offer to holders of the preferred stock will be available to the holders of the depositary shares.

Conversion, Exchange and Redemption

If the preferred stock underlying the depositary shares may be converted or exchanged, each holder of depositary receipts will have the right or obligation, as applicable, to convert or exchange the depositary shares represented by the depositary receipts.

Whenever we redeem shares of preferred stock held by the depositary, the depositary will redeem, at the same time, the number of depositary shares representing the preferred stock. The depositary will redeem the depositary shares from the proceeds it receives from the corresponding redemption, in whole or in part, of the underlying preferred stock. The depositary will mail notice of redemption to the holders of the depositary shares that are to be redeemed between 30 and 60 days before the date fixed for redemption. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share on the underlying preferred stock. If less than all the depositary shares are to be redeemed, the depositary will select which shares to be redeemed by lot, proportionate allocation or any other method.

After the date fixed for redemption, the depositary shares called for redemption will no longer be outstanding. When the depositary shares are no longer outstanding, all rights of the holders will end, except the right to receive money, securities or other property payable upon redemption.

Voting

When the depositary receives notice of a meeting at which the holders of the preferred stock are entitled to vote, the depositary will mail the particulars of the meeting to the holders of the depositary shares. Each holder of depositary shares on the record date may instruct the depositary on how to vote the shares of preferred stock underlying the holder's depositary shares. The depositary will try, if practical, to vote the number of shares of preferred stock underlying the depositary shares according to the instructions. The depositary will abstain from voting shares of the preferred stock to the extent it does not receive specific instructions from the holders of depositary shares representing such preferred stock. We will agree to take all reasonable action requested by the depositary to enable it to vote as instructed.

Record Date

Whenever (1) any cash dividend or other cash distribution shall become payable, any distribution other than cash shall be made, or any rights, preferences or privileges shall be offered with respect to the underlying preferred stock, or (2) the depositary shall receive notice of any meeting at which holders of the underlying preferred stock are entitled to vote or of which holders of the underlying preferred stock are entitled to notice, or of the mandatory conversion of or any election on our part to call for the redemption of any of the underlying preferred stock, the depositary shall in each such instance fix a record date (which shall be the same as the record date for the underlying preferred stock) for the determination of the holders (x) who shall be entitled to receive such dividend, distribution, rights, preferences or privileges or the net proceeds of the sale thereof or (y) who shall be entitled to give instructions for the exercise of voting rights at any such meeting or to receive notice of such meeting or of such redemption or conversion, subject to the provisions of the deposit agreement.

Amendments

We and the depositary may agree to amend the deposit agreement and the depositary receipt evidencing the depositary shares. Any amendment that (a) imposes or increases certain fees, taxes or other charges payable by the holders of the depositary shares as described in the deposit agreement or (b) otherwise prejudices any substantial existing right of holders of depositary shares, will not take effect until 30 days

after the depositary has mailed notice of the amendment to the record holders of depositary shares. Any holder of depositary shares that continues to hold its shares at the end of the 30-day period will be deemed to have agreed to the amendment.

Termination

We may, at our option, direct the depositary to terminate the deposit agreement by mailing a notice of termination to holders of depositary shares at least 30 days prior to termination. In addition, a deposit agreement will automatically terminate if:

- the depositary has redeemed all related outstanding depositary shares, or
- we have liquidated, terminated or wound up our business and the depositary has distributed the underlying preferred stock to the holders of the related depositary shares.

The depositary may likewise terminate the deposit agreement if at any time 60 days shall have expired after the depositary shall have delivered to us a written notice of its election to resign and a successor depositary shall not have been appointed and accepted its appointment. If any depositary receipts remain outstanding after the date of termination, the depositary thereafter will discontinue the transfer of depositary receipts, will suspend the distribution of dividends to the holders thereof, and will not give any further notices (other than notice of such termination) or perform any further acts under the deposit agreement except that the depositary will continue (1) to collect dividends on the underlying preferred stock and any other distributions with respect thereto and (2) to deliver the underlying preferred stock together with such dividends and distributions and the net proceeds of any sales of rights, preferences, privileges or other property, without liability for interest thereon, in exchange for depositary receipts surrendered. At any time after the expiration of two years from the date of termination, the depositary may sell any underlying preferred stock then held by it at public or private sales, at such place or places and upon such terms as it deems proper and may thereafter hold the net proceeds of any such sale, together with any money and other property then held by it, without liability for interest thereon, for the pro rata benefit of the holders of depositary receipts which have not been surrendered.

Payment of Fees and Expenses

We will pay all fees, charges and expenses of the depositary, including the initial deposit of the preferred stock and any redemption of the preferred stock. Holders of depositary shares will pay transfer and other taxes and governmental charges and any other charges as are stated in the deposit agreement for their accounts.

Resignation and Removal of Depositary

At any time, the depositary may resign by delivering written notice to us, and we may remove the depositary. Resignations or removals will take effect upon the appointment of a successor depositary and its acceptance of the appointment. The successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50 million.

Reports

The depositary will forward to the holders of depositary shares all reports and communications from us that are delivered to the depositary and that we are required by law, the rules of an applicable securities exchange or our amended articles of incorporation to furnish to the holders of the preferred stock. The depositary will not be liable if it is prevented or delayed by law or any circumstances beyond its control in performing its obligations under the deposit agreement. The deposit agreement limits our obligations and the depositary's obligations to performance in good faith of the duties stated in the deposit agreement. The depositary will not be obligated to prosecute or defend any legal proceeding connected with any depositary shares or preferred stock unless the holders of depositary shares requesting the depositary to do so furnish it with satisfactory indemnity. In performing our obligations, we and the depositary may rely upon the written advice of our counsel or accountants, on any information that competent people provide to us and on documents that we believe are genuine.

DESCRIPTION OF DEBT SECURITIES

We may offer and issue our debt securities from time to time in one or more series. The debt securities are to be issued under an indenture, dated as of February 1, 1991, between us and Deutsche Bank Trust Company Americas (as successor to Citibank, N.A.), as trustee. The indenture does not limit the aggregate principal amount of the debt securities that may be issued thereunder. The indenture is an exhibit to the registration statement of which this prospectus is a part. The indenture incorporates our standard multiple-series indenture provisions as Annex A to the indenture, a copy of which is an exhibit to the registration statement of which this prospectus is a part. The following information summarizes certain general terms of the debt securities as described in the indenture and the standard multiple-series indenture provisions. The indenture is subject to and governed by the Trust Indenture Act of 1939, as amended, or the Trust Indenture Act.

We will summarize in the applicable prospectus supplement certain specific terms of the debt securities, any modifications of or additions to the general terms of the debt securities described herein and any applicable material federal income tax considerations. Accordingly, please read both this prospectus and the applicable prospectus supplement for a summary of the terms of the debt securities of any particular series.

However, such summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the actual provisions of the indenture and the debt securities.

For purposes of this summary, the terms “we,” “us” and “our” refer only to Eli Lilly and Company and not to any of its subsidiaries, unless we specify otherwise.

General

The debt securities will be unsecured general obligations of our company. The indebtedness represented by the debt securities will rank equally with all other unsecured and unsubordinated indebtedness of our company. The debt securities may be issued in one or more series. Also, a single series may be issued at various times with different maturity dates and different interest rates. One or more series of debt securities may be issued with the same or various maturities at par or at a discount. Debt securities bearing no interest or interest at a rate which at the time of issuance is below the market rate (“original issue discount securities”) will be sold at a discount below their stated principal amount. This discount may be substantial. We will provide information regarding material federal income tax consequences and other special considerations applicable to any original issue discount securities in the applicable prospectus supplement.

If we denominate the purchase price of any of the debt securities in a foreign currency or currencies, or if the principal of or premium, if any, or interest on any series of debt securities is payable in a foreign currency or currencies, we will include in the applicable prospectus supplement information on the restrictions, elections, material federal income tax considerations, specific terms and other information with respect to that issue of debt securities and the foreign currency or currencies.

A prospectus supplement relating to a series of debt securities will include certain specific terms, including some or all of the following:

- the title;
- the aggregate principal amount and any limit thereon;
- the price or prices at which such debt securities will be sold;
- the date or dates on which or periods during which such debt securities may be issued;
- the date or dates on which the principal, and premium, if any, is payable or the method of determining the date or dates;
- the method by which principal and premium, if any, will be determined;
- if interest bearing:
 - the interest rate;
 - the method by which the interest rate will be determined;
 - the date from which interest will accrue;
 - interest payment dates; and
 - the regular record date for the interest payable on any interest payment date;
- the place or places where the principal, premium, if any, and interest, if any, shall be payable;
- if the series of debt securities may be redeemed in whole or in part, at our option, the period or periods within which, the price or prices at which and the terms and conditions upon which we may redeem such debt securities;
- the denominations, if other than \$2,000, in which any registered securities of the series shall be issuable;
- the denominations, if other than \$5,000, in which any bearer securities of the series shall be issuable;
- if issued as original issue discount securities:
 - the amount of discount; and
 - material federal income tax consequences and other special considerations applicable to original issue discount securities;
- whether such debt securities will be issued as registered securities or bearer securities or both, and, if bearer securities are issued:
 - whether such bearer securities are also to be issued as registered securities; and
 - the manner in which the bearer securities are to be dated;
- provisions for payment of additional amounts, if any, and whether we will have the option to redeem such debt securities rather than pay the additional amounts and the terms of that option;
- the index, if any, used to determine the amount of principal, premium, if any, or interest, if any;

- if denominated or payable in a foreign currency:
 - the currency or currencies of denomination;
 - the designation of the currency or currencies in which payment of principal, premium, if any, and interest, if any, will be made;
 - the designation of the original currency determination agent, if any;
 - whether we will use a global security, the name of the depository for the global security and, if such debt securities are issuable only as registered securities, the terms, if any, upon which interests in the global security may be exchanged for definitive debt securities;
 - the extent to which, or the manner in which, any interest payable on any such debt security in temporary global form on an interest payment date will be paid and the extent to which, or the manner in which, any interest payable on any such debt security in permanent global form on an interest payment date will be paid;
 - if less than the principal amount thereof, the portion of the principal amount of such debt securities payable upon declaration of acceleration of their maturity;
 - the provisions, if any, relating to the cancellation and satisfaction of the indenture or certain covenants of the indenture prior to the maturity of the debt securities;
 - any deletions, modifications of or additions to the events of default in the indenture; and
 - any other terms or conditions not specified in the indenture. Any such other terms must not conflict with the requirements of the Trust Indenture Act and the provisions of the indenture and must not adversely affect the rights of the holders of any other series of debt securities then outstanding.

We may authorize the issuance and provide for the terms of a series of debt securities pursuant to a resolution of our board of directors or any duly authorized committee of our board of directors or pursuant to a supplemental indenture. All of the debt securities of a series need not be issued at the same time, and may vary as to interest rate, maturity and date from which interest shall accrue. Unless otherwise provided, a series may be reopened for issuance of additional debt securities of such series.

We may issue the debt securities as registered securities, bearer securities or both. We may issue the debt securities in whole or in part in the form of one or more global securities. One or more global securities will be issued in a denomination or aggregate denominations equal to the aggregate principal amount of outstanding debt securities of the series to be represented by such global security or global securities. The prospectus supplement relating to a series of debt securities denominated in a foreign currency will specify the denomination thereof.

If we issue bearer securities, we will describe the limitations on the issuance of the bearer securities as well as certain material federal income tax consequences and other special considerations applicable to bearer securities in an applicable prospectus supplement.

Exchange, Registration and Transfer

A holder of debt securities in bearer form may, upon written request in accordance with the terms of the indenture, exchange the bearer securities for (1) registered securities (with all unmatured coupons, except as provided below) of the same series, with the same interest rate and maturity date (if the debt securities of such series are to be issued as registered securities) or (2) bearer securities (if bearer securities of such series are to be issued in more than one denomination) of the same series with the same interest rate and maturity date. However, no bearer security will be delivered in or to the United States, and registered securities of any series (other than a global security, except as set forth below) will be exchangeable into an equal aggregate principal amount of registered securities of the same series (with the same interest rate and maturity date) of different authorized denominations. If a holder surrenders bearer securities between a record date and the relevant interest payment date, such holder will not be required to surrender the coupon relating to such interest payment date. Registered securities may not be exchanged for bearer securities.

Bearer or registered securities may be presented for exchange, and registered securities, other than a global security, may be presented for transfer, at the office of any transfer agent or at the office of the security registrar, without service charge and upon payment of any taxes and other governmental charges as provided in the indenture. The transfer or exchange will be completed upon the transfer agent or the security registrar's satisfaction with the documents of title and identity of the person making the request. Bearer securities, and the coupons, if any, relating to the bearer securities, shall be transferred by delivery of the bearer securities.

Global Securities

We may issue debt securities of a series in whole or in part in the form of one or more global securities. The global securities will be deposited with, or on behalf of, the depository named in the applicable prospectus supplement. Global securities may be issued in either registered or bearer form. Global securities may be issued in either temporary or permanent form. Unless and until the global security is exchanged in whole or in part for debt securities in definitive registered form, a global security may not be transferred except as a whole by the

depository (or its nominee) for such global security. If transferred in whole, the following are types of transfers which are allowed for global securities:

- the depository may transfer the global security to a nominee of that depository; or
- a nominee of the depository may transfer the global security to the depository or another nominee of that depository; or
- the depository or any nominee of that depository may transfer the global security to a successor depository or a nominee of that successor depository.

The specific terms of the depository arrangement with respect to any debt securities of a series will be described in the applicable prospectus supplement. We anticipate that the following provisions will apply to all depository arrangements.

Upon the issuance of a global security, the depository for such global security will credit, on its book-entry registration and transfer system, the respective principal amounts of the debt securities represented by the global security to the accounts of participant institutions that have accounts with the depository. We or the underwriters, if the debt securities were sold by underwriters, shall designate the accounts to be credited. We will limit ownership of beneficial interests in a global security to participants or persons that may hold interests through participants. Ownership of beneficial interests in the global security will be shown on records maintained by the depository. The transfer of the ownership of the global security will be effected only through the records maintained by the depository. The laws of some states require that certain purchasers of debt securities take physical delivery of such debt securities in definitive form. These laws may impair your ability to transfer beneficial interests in a global security.

So long as the depository for a global security, or its nominee, is the owner of the global security, that depository or nominee will be considered the sole owner or holder of the debt securities represented by such global security for all purposes under the applicable indenture. Except as set forth below, owners of beneficial interests in a global security (1) will not be entitled to have debt securities of the series represented by the global security registered in their names, (2) will not receive or be entitled to receive physical delivery of debt securities of the series in definitive form, and (3) will not be considered the owners or holders thereof under the indenture governing the debt securities.

Subject to certain limitations on the issuance of bearer securities which will be described in the applicable prospectus supplement, payments of principal of, premium, if any, and interest, if any, on debt securities registered in the name of or held by a depository or its nominee will be made to the depository or its nominee, as the registered owner or the holder of the global security representing those debt securities. None of us, the applicable trustee, any paying agent or the applicable security registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a global security for the debt securities or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

We expect that the depository for debt securities of a series, upon receipt of any payment of principal, premium, if any, or interest, if any, in respect of a permanent global security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global security as shown on the records of the depository. We also expect that payments by participants to owners of beneficial interests in the global security held through the participants will be governed by standing instructions and customary practices, as is now the case with debt securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of those participants. There may be restrictions on receipt by owners of beneficial interests in a temporary global security of payments in respect of such temporary global security. We will describe any such restrictions in the applicable prospectus supplement.

If a depository for debt securities of a series is at any time unwilling or unable to continue as depository, or is ineligible to act as depository, and we do not appoint a successor depository within 90 days, we will issue debt securities of that series in definitive form in exchange for the global security or securities representing the debt securities of that series. In addition, we may at any time and in our sole discretion determine not to have any debt securities of a series represented by one or more global securities. If we decide not to have any debt securities of a series represented by a global security, we will issue debt securities of that series in definitive form in exchange for the global security or securities representing such debt securities. Further, if we so provide with respect to the debt securities of a series, each person specified by the depository of the global security representing debt securities of such series may, on terms acceptable to us and the depository for such global security, receive debt securities of such series in definitive form. In any such instance, each person so specified by the depository of the global security will be entitled to physical delivery in definitive form of debt securities of the series represented by the global security equal in principal amount to the person's beneficial interest in the global security. Debt securities of that series so issued in definitive form will be issued (1) as registered securities if the debt securities of that series are to be issued as registered securities, (2) as bearer securities if the debt securities of that series are to be issued as bearer securities or (3) as either registered securities or bearer securities, if the debt securities of that series are to be issued in either form. A description of certain restrictions on the issuance of a bearer security in definitive form in exchange for an interest in a global security will, if applicable, be contained in the applicable prospectus supplement.

Payment and Paying Agents

Bearer Securities

We will pay the principal, interest and premium, if any, on bearer securities in the currency or currency unit designated in the prospectus supplement, subject to any applicable laws and regulations, at such paying agencies outside the United States as we may appoint from time to

time. At the option of a holder, we will make such payment by a check in the designated currency or currency unit or by transfer to an account in the designated currency or currency unit maintained by the payee with a bank located outside the United States. We will make no payment with respect to any bearer security:

- at the principal corporate trust office of the trustee or any other paying agency maintained by us in the United States by transfer to an account with a bank located in the United States; or
- by check mailed to an address in the United States.

However, we may pay principal, interest, and premium, if any, on bearer securities in U.S. dollars at the principal corporate trust office of the trustee in the Borough of Manhattan, The City of New York, if payment of the full amount thereof at all paying agencies outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions.

Registered Securities

Unless otherwise set forth in the applicable prospectus supplement,

- we will pay the principal and premium, if any, on registered securities in the designated currency or currency unit against surrender of such registered securities at the principal corporate trust office of the trustee in the Borough of Manhattan, The City of New York,
- we will pay any installment of interest on registered securities to the person in whose name the registered security is registered at the close of business on the regular record date for such interest, and
- we will pay any installment of interest, at our option, (1) at the principal corporate trust office of the trustee in the Borough of Manhattan, The City of New York or (2) by a check in the designated currency or currency unit mailed to each holder of a registered security at such holder's registered address.

We will name in the prospectus supplement the paying agents, if any, outside the United States initially appointed by us for a series of debt securities. We may terminate the appointment of any of the paying agents from time to time, except that we will maintain at least one paying agent in the Borough of Manhattan, The City of New York, for payments with respect to registered securities. We will also maintain at least one paying agent in a city in Europe so long as any bearer securities are outstanding where bearer securities may be presented for payment and may be surrendered for exchange. However, so long as any series of debt securities is listed on any stock exchange located outside the United States and such stock exchange shall so require, we will maintain a paying agent in any required city located outside the United States, for those series of debt securities.

All moneys we pay to the trustee or a paying agent for the payment of principal or premium, if any, or interest on any debt security that remain unclaimed at the end of two years after such principal, premium or interest shall have become due and payable will be repaid to us and the holder of such debt security entitled to receive such payment will thereafter look only to us for payment thereof.

Concerning the Trustee

Deutsche Bank Trust Company Americas is the current trustee under the indenture. The trustee shall, prior to the occurrence of any event of default with respect to the debt securities of any series and after the curing or waiving of all events of default with respect to such series which have occurred, perform only such duties as are specifically set forth in such indenture. During the existence of any event of default with respect to the debt securities of any series, the trustee shall exercise such of the rights and powers vested in it under the indenture with respect to such series and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs.

The trustee may acquire and hold debt securities and, subject to certain conditions, otherwise deal with us as if it were not trustee under the indenture.

The trustee and its affiliates have in the past provided, and may from time to time in the future provide, trustee, commercial banking, investment banking and other services to us in the ordinary course of their respective businesses for which they have received, and will receive, customary compensation.

Modification of the Indenture

The indenture contains provisions permitting us and the trustee, without the consent of the holders of the debt securities, to establish, among other things, the form and terms of any series of debt securities issuable under the indenture by one or more supplemental indentures, to add covenants and to provide for security for the debt securities.

With the consent of the holders of not less than a majority of the aggregate principal amount of the debt securities of any series at the time outstanding, we and the trustee may execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the indenture or of any supplemental indenture with respect to the debt securities of such series or modifying in any manner the rights of the holders of the debt securities of such series. However, without the consent of the holders of each debt security so affected, we and the trustee may not (1) extend the fixed maturity, or the earlier optional date of maturity, if any, of any debt security of such series,

(2) reduce the principal amount of any debt security of such series, (3) reduce the premium of any debt security of such series, if any, (4) reduce the rate or extend the time of payment of interest, if any, of any debt security of such series, or (5) make the principal thereof or premium, if any, or interest, if any, of any debt security of such series payable in any currency other than as provided therein or pursuant to the indenture. Also, without the consent of the holders of all debt securities of such series outstanding thereunder, we and the trustee may not reduce the percentage of debt securities of such series, the holders of which are required to consent to any such supplemental indenture.

Certain Covenants of Debt Securities

The indenture contains, among other things, the following covenants:

Limitation on Liens. We will not, and will not permit any of our subsidiaries to, create, assume or suffer to exist any lien on restricted property to secure any of our debt, any debt of any of our subsidiaries or any debt of any other person unless we also secure the debt securities of any series having the benefit of this covenant by a lien equally and ratably with such other debt for so long as such other debt shall be so secured. The indenture contains the following exceptions to the foregoing prohibition:

(i) liens existing on property owned or leased by a corporation existing when such corporation becomes a subsidiary;

(ii) liens existing on the date of issuance of the first debt security of the particular series;

(iii) liens existing on property when the property was acquired by us or any of our subsidiaries;

(iv) liens to secure debt incurred prior to, at the time of or within 12 months after the acquisition of restricted property or the completion of the construction, alteration, repair or improvement of restricted property, as the case may be, for the purpose of financing all or a part of the purchase price or cost thereof and liens to the extent they secure debt in excess of such purchase price or cost and for the payment of which recourse may be had only against such restricted property;

(v) certain liens in favor of governmental entities that are required by the provisions of any contract or statute, or any liens securing industrial development, pollution control or similar revenue bonds;

(vi) any lien securing debt of a subsidiary owing to us or to another subsidiary;

(vii) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any lien referred to in clauses (i) through (vi) above, inclusive, so long as (1) the principal amount of the debt secured thereby does not exceed the principal amount of debt so secured at the time of the extension, renewal or replacement (except that, where an additional principal amount of debt is incurred to provide funds for the completion of a specific project, the additional principal amount, and any related financing costs, may be secured by the lien as well) and (2) the lien is limited to the same property subject to the lien so extended, renewed or replaced (and improvements on the property); and

(viii) any lien that would not otherwise be permitted by clauses (i) through (vii) above, inclusive, securing debt which, together with:

- the aggregate outstanding principal amount of all other debt of ours and our subsidiaries owning restricted property which would otherwise be subject to the foregoing restrictions, and
- the aggregate value of existing sale and leaseback transactions which would be subject to the foregoing restrictions absent this clause (viii),

does not exceed 15% of our consolidated net tangible assets.

Limitation on Sale and Leaseback Transactions. We will not, and will not permit any of our subsidiaries owning restricted property to, enter into any sale and leaseback transaction unless:

(1) our company or such subsidiary could incur debt, in a principal amount at least equal to the value of such sale and leaseback transaction, secured by a lien on the property to be leased (without equally and ratably securing the outstanding debt securities) because such lien would be of a character that no violation of the covenant described under “- *Limitations on Liens* ” above would result; or

(2) we apply, during the six months following the effective date of the sale and leaseback transaction, an amount equal to the value of the sale and leaseback transaction to the voluntary retirement of funded debt (whether by redemption, defeasance, repurchase, or otherwise) or to the acquisition of restricted property.

Definitions of Certain Terms

The following are the meanings of terms that are important in understanding the covenants previously described:

- “consolidated net tangible assets” means the total assets (less applicable reserves and other properly deductible items) less current liabilities (excluding the amount of those which are by their terms extendable or renewable at the option of the obligor to a date more than 12 months after the date as of which the amount is being determined) and all goodwill, tradenames, trademarks, patents,

unamortized debt discount and expense and other like intangible assets, all as set forth on our most recent consolidated balance sheet determined in accordance with generally accepted accounting principles.

- “funded debt” means our indebtedness or the indebtedness of a subsidiary owning restricted property maturing by its terms more than one year after its creation and indebtedness classified as long-term debt under generally accepted accounting principles and in each case ranking at least pari passu with the debt securities.
- “original issue discount security” means any debt security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of maturity thereof pursuant to the indenture.
- “restricted property” means
 - any manufacturing facility (or portion thereof) owned or leased by us or any of our subsidiaries and located within the continental United States which, in the opinion of our board of directors (or a committee thereof), is of material importance to our business and the business of our subsidiaries taken as a whole, but no such manufacturing facility (or portion thereof) shall be deemed of material importance if its gross book value, before deducting accumulated depreciation, is less than 2% of our consolidated net tangible assets; or
 - any shares of capital stock or indebtedness of any subsidiary owning any such manufacturing facility.
- “sale and leaseback transaction” means any arrangement with any person providing for the leasing by us or any subsidiary of any restricted property which has been or is to be sold or transferred by us or such subsidiary to such person, excluding (1) temporary leases for a term, including renewals at the option of the lessee, of not more than three years, (2) leases between us and a subsidiary or between subsidiaries, (3) leases of a restricted property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation of the restricted property, and (4) arrangements pursuant to any provision of law with an effect similar to the former Section 163(f)(3) of the Internal Revenue Code of 1954, as amended.
- “subsidiary” means any corporation more than 50% of the voting stock of which shall at the time be owned by us or by one or more subsidiaries or by us and one or more subsidiaries, but shall not include any corporation of which we and/or one or more subsidiaries owns directly or indirectly, less than 50% of the outstanding stock of all classes having ordinary voting power for the election of directors but more than 50% of the outstanding shares of stock of a class having by its terms ordinary voting power as a class to elect a majority of the board of directors of such corporation.
- “value” means, with respect to a sale and leaseback transaction, an amount equal to the net present value of the lease payments with respect to the term of the lease remaining on the date as of which the amount is being determined, without regard to any renewal or extension options contained in the lease, discounted at the weighted average interest rate on the debt securities of all series (including the yield to maturity on any original issue discount securities) which are outstanding on the effective date of such sale and leaseback transaction.

Because the covenants described above cover only manufacturing facilities in the continental United States, our manufacturing facilities in Puerto Rico and elsewhere in the world are excluded from the operation of the covenants described above.

There are no other restrictive covenants contained in the indenture. The indenture does not contain any provision which restricts us from incurring, assuming or becoming liable with respect to any indebtedness or other obligations, whether secured or unsecured, or from paying dividends or making other distributions on our capital stock or purchasing or redeeming our capital stock. The indenture does not contain any financial ratios, or specified levels of net worth or liquidity to which we must adhere. In addition, the indenture does not contain any provision which would require that we repurchase or redeem or otherwise modify the terms of any of our debt securities upon a change in control or other events involving us which may adversely affect the creditworthiness of the debt securities.

Events of Default

The indenture provides that, with respect to any series of debt securities, an event of default consists of:

- failure to pay interest when due on any debt securities of such series, continued for 30 days;
- failure to pay principal or premium, if any, when due (whether at maturity, upon redemption, by declaration or otherwise) on any debt securities of such series;
- failure to observe or perform the covenant in the indenture described below under "Merger or Consolidation" after written notice from the trustee or holders of 25% or more in aggregate principal amount of debt securities of such series outstanding thereunder;
- failure to observe or perform any of our covenants in the indenture or the debt securities of such series (other than a covenant included in the indenture or the debt securities solely for the benefit of a series of debt securities other than such series), continued for 60 days (except in the case of a violation of the covenant described below under “Merger or Consolidation”) after written notice from the trustee or the holders of 25% or more in aggregate principal amount, of debt securities of such series outstanding thereunder;

- certain events of our bankruptcy, insolvency or reorganization; and
- any other event of default as may be specified for such series.

The indenture provides that if an event of default with respect to any series of debt securities at the time outstanding occurs and is continuing, either the trustee or the holders of 25% or more in aggregate principal amount (or, if the debt securities of that series are original issue discount securities, such portion of the principal amount as may be specified in the terms of that series) of debt securities of such series outstanding may declare the principal amount of all debt securities of such series to be due and payable immediately. At any time after a declaration of acceleration with respect to the debt securities of any series has been made and before there has been a sale of property under a judgment or decree for the payment of moneys due, the holders of a majority in aggregate principal amount of the debt securities of such series outstanding may waive the default and rescind the declaration and its consequences if:

1. we have paid or deposited with the trustee a sum sufficient to pay:
 - a. all matured installments of interest upon all the debt securities of such series;
 - b. the principal of and premium, if any, on any and all debt securities of such series which have become due other than by declaration;
 - c. interest on overdue installments of interest, to the extent legally enforceable under applicable law, and on such principal of and premium, if any, on each debt security of such series at the rate borne by such debt security to the date of such payment or deposit or yield to maturity (in the case of an original issue discount security); and
 - d. the expenses of the trustee, and reasonable compensation to the trustee, agents, attorneys and counsel; and
2. any and all defaults under the indenture, other than the nonpayment of principal on the debt securities of such series which may have become due by declaration, have been remedied.

The indenture provides that the holders of a majority in aggregate principal amount of the debt securities of any series outstanding under the indenture may, subject to certain exceptions, direct the trustee as to the time, method and place of conducting any proceeding for any remedy available to the trustee, or exercising any power or trust conferred upon the trustee. The holders of a majority in aggregate principal amount of the debt securities of any series outstanding may on behalf of all holders of debt securities of such series waive any past default and its consequences with respect to debt securities of such series, except a default in the payment of the principal of, premium, if any, or interest, if any, on any of the debt securities of such series.

Holders of any debt securities of any series may not institute any proceeding to enforce the indenture or any remedy thereunder unless the trustee shall have failed to act for 60 days after a request and offer of reasonable indemnity by the holders of 25% or more in aggregate principal amount of the debt securities of such series outstanding. However, the right of any holder of any security of any series to enforce payment of the principal of or premium, if any, or interest, if any, on his debt securities when due shall not be impaired without the consent of such holder.

The trustee is required to give the holders of any debt security of any series notice of default with respect to such series known to it within 90 days after the happening of the default, unless cured before the giving of such notice. However, except for defaults in payments of the principal of or premium, if any, or interest, if any, on the debt securities of such series, the trustee may withhold notice if and so long as it determines in good faith that the withholding of such notice is in the interests of the holders of the debt securities of such series.

We are required to deliver to the trustee each year an officers' certificate stating whether such officers have obtained knowledge of any default by our company in the performance of all covenants and, if so, specifying the nature of such default.

Merger or Consolidation

The indenture provides that without the consent of the holders of any of the outstanding debt securities under the indenture, we may consolidate with or merge into, or transfer or lease substantially all of our assets to, any domestic corporation, association, company or business trust (as used in this subsection, a "corporation"), provided:

- the successor corporation assumes all of our payment obligations under the debt securities and the performance of all of our other covenants under the indenture; and
- certain other conditions described in the indenture are met.

Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. As a result of this uncertainty:

- i. there could be a disagreement between us and the holders of debt securities over whether, as a condition to a transfer or lease of our assets, the successor entity is required to assume our obligations under the indenture and, consequently, whether a failure to assume such obligations would result in an event of default under the indenture;

- ii. in the event that the holders of debt securities attempt to declare an event of default and exercise their acceleration rights under the indenture in such circumstances and we contest such action, there can be no assurance as to how a court interpreting applicable law would interpret the phrase "substantially all"; and
- iii. it may be difficult for holders to debt securities to declare an event of default and exercise their acceleration rights.

Discharge, Legal Defeasance and Covenant Defeasance

We may discharge certain obligations to holders of any series of debt securities that have not already been delivered to the trustee for cancellation and that either have become due and payable or will become due and payable within one year (or are to be called for redemption within one year under arrangements satisfactory to the trustee for the giving of notice) by irrevocably depositing with the trustee, in trust, funds in the currency or currencies in which those debt securities are payable in an amount sufficient to pay the entire indebtedness on those debt securities in respect of principal, premium, if any, and interest to the date of that deposit (if those debt securities have become due and payable) or to the maturity date, as the case may be.

At our option, we may be discharged, subject to certain terms and conditions, from any and all obligations in respect of the debt securities of any series (except for certain obligations to register the transfer and exchange of debt securities, replace stolen, lost or mutilated debt securities and coupons, maintain paying agencies and hold moneys for payment in trust) or need not comply with certain restrictive covenants of the indenture if:

(1) we have deposited with the trustee, in trust, money, and in the case of debt securities and coupons denominated in U.S. dollars, U.S. government obligations or, in the case of debt securities and coupons denominated in a foreign currency, foreign currency government securities, which through the payment of interest thereon and principal thereof in accordance with their terms will provide money or a combination of money, and either U.S. government securities or foreign currency government securities, as the case may be, in an amount sufficient to pay in the currency in which the debt securities are payable all the principal of and premium, if any, and interest on the debt securities on the date such payments are due in accordance with the debt securities;

(2) (i) no event of default or event which with notice or lapse of time would become an event of default shall have occurred and be continuing on the date of such deposit, (ii) no event of default relating to our bankruptcy, insolvency or reorganization, or event which with notice or lapse of time or both would become such an event of default, shall have occurred within 90 days after the date of such deposit, and (iii) such deposit and discharge will not result in any default or event of default under any material indenture, agreement or other instrument binding upon us or any of our properties;

(3) we have delivered to the trustee an opinion of counsel to the effect that such deposit and discharge will not cause the holders of the debt securities of such series to recognize income, gain or loss for federal income tax purposes and that such holders will be subject to federal income tax in the same amounts, manner and time had such deposit and discharge not occurred; and

(4) we have delivered to the trustee an officer's certificate and an opinion from our counsel stating that we have complied with all conditions precedent set forth in the indenture or the applicable supplemental indenture relating to the satisfaction and discharge of the indebtedness of the series of debt securities.

Governing Law

The indenture and the debt securities for all purposes will be governed by and construed in accordance with the laws of the State of New York.

DESCRIPTION OF WARRANTS

General

We may issue debt warrants for the purchase of debt securities or stock warrants for the purchase of preferred stock or common stock.

The warrants will be issued under warrant agreements to be entered into between us and a bank or trust company, as warrant agent, all to be set forth in the applicable prospectus supplement relating to any or all warrants in respect of which this prospectus is being delivered. Copies of the form of agreement for each warrant, including the forms of certificates representing the warrants reflecting the provisions to be included in such agreements that will be entered into with respect to the particular offerings of each type of warrant, will be filed as exhibits to the registration statement of which this prospectus forms a part.

The following description sets forth certain general terms and provisions of the warrants to which any prospectus supplement may relate. The particular terms of the warrants to which any prospectus supplement may relate and the extent, if any, to which such general provisions may apply to the warrants so offered will be described in the applicable prospectus supplement. The following summary of certain provisions of the warrants, warrant agreements and warrant certificates does not purport to be complete and is subject to, and is qualified in its entirety by express reference to, all the provisions of the warrant agreements and warrant certificates, including the definitions therein of certain terms.

Debt Warrants

General. Reference is made to the applicable prospectus supplement for the terms of debt warrants in respect of which this prospectus is being delivered, the debt securities warrant agreement relating to such debt warrants and the debt warrant certificates representing such debt warrants, including the following:

- the designation, aggregate principal amount and terms of the debt securities purchasable upon exercise of such debt warrants and the procedures and conditions relating to the exercise of such debt warrants;
- the designation and terms of any related debt securities with which such debt warrants are issued and the number of such debt warrants issued with each such debt security;
- the date, if any, on and after which such debt warrants and any related debt securities will be separately transferable;
- the principal amount of debt securities purchasable upon exercise of each debt warrant and the price at which such principal amount of debt securities may be purchased upon such exercise;
- the offering price of such debt warrants, if any;
- the initial price at which such debt securities may be purchased upon exercise of debt warrants and any provision with respect to the adjustment thereof;
- the denominations of such debt warrants;
- the date on which the right to exercise such debt warrants shall commence and the date on which such right shall expire;
- a discussion of the material U.S. federal income tax considerations applicable to the ownership or exercise of debt warrants;
- whether the debt warrants represented by the debt warrant certificates will be issued in registered or bearer form, and, if registered, where they may be transferred and registered;
- redemption provisions of such debt warrants, if any; and
- any other terms of the debt warrants.

The debt warrant certificates will be exchangeable for new debt warrant certificates of different denominations and debt warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their debt warrants, holders of debt warrants will not have any of the rights of holders of the debt securities purchasable upon such exercise and will not be entitled to any payments of principal and premium, if any, and interest, if any, on the debt securities purchasable upon such exercise.

Exercise of Debt Warrants. Each debt warrant will entitle the holder to purchase for cash such principal amount of debt securities at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the applicable prospectus supplement relating to the debt warrants offered thereby. Unless otherwise specified in the applicable prospectus supplement, debt warrants may be exercised at any time up to 5:00 p.m., New York City time, on the expiration date set forth in the applicable prospectus supplement. After 5:00 p.m., New York City time, on the expiration date, unexercised debt warrants will become void.

Debt warrants may be exercised as set forth in the applicable prospectus supplement relating to the debt warrants. Upon receipt of payment and the debt warrant certificate properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward the debt securities purchasable upon such exercise. If less than all of the debt warrants represented by such debt warrant certificate are exercised, a new debt warrant certificate will be issued for the remaining amount of debt warrants.

Stock Warrants

General. Reference is made to the applicable prospectus supplement for the terms of stock warrants in respect of which this prospectus is being delivered, the stock warrant agreement relating to such stock warrants and the stock warrant certificates representing such stock warrants, including the following:

- the type and number of shares of preferred stock or common stock purchasable upon exercise of such stock warrants and the procedures and conditions relating to the exercise of such stock warrants;
- the date, if any, on and after which such stock warrants and related preferred stock or common stock will be separately tradeable;
- the offering price of such stock warrants, if any;
- the initial price at which such shares may be purchased upon exercise of stock warrants and any provision with respect to the adjustment thereof;

- the denominations of such stock warrants;
- the date on which the right to exercise such stock warrants shall commence and the date on which such right shall expire;
- a discussion of the material U.S. federal income tax considerations applicable to the ownership or exercise of stock warrants;
- redemption provisions of such stock warrants, if any;
- any other terms of the stock warrants;
- anti-dilution provisions of the stock warrants, if any; and
- other information relating to any capital stock purchasable upon exercise of such stock warrants.

The stock warrant certificates will be exchangeable for new stock warrant certificates of different denominations and stock warrants may be exercised at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement. Prior to the exercise of their stock warrants, holders of stock warrants will not have any of the rights of holders of shares of capital stock purchasable upon such exercise and will not be entitled to any dividend or other distribution payments on such capital stock purchasable upon such exercise.

Exercise of Stock Warrants. Each stock warrant will entitle the holder to purchase for cash such number of shares of preferred stock or common stock, as the case may be, at such exercise price as shall in each case be set forth in, or be determinable as set forth in, the applicable prospectus supplement relating to the stock warrants offered thereby. Unless otherwise specified in the applicable prospectus supplement, stock warrants may be exercised at any time up to 5:00 p.m., New York City time, on the expiration date set forth in the applicable prospectus supplement. After 5:00 p.m., New York City time, on the expiration date, unexercised stock warrants will become void.

Stock warrants may be exercised as set forth in the applicable prospectus supplement relating thereto. Upon receipt of payment and the stock warrant certificates properly completed and duly executed at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement, we will, as soon as practicable, forward a certificate representing the number of shares of capital stock purchasable upon such exercise. If less than all of the stock warrants represented by such stock warrant certificate are exercised, a new stock warrant certificate will be issued for the remaining amount of stock warrants.

DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS

We may issue stock purchase contracts, representing contracts obligating holders to purchase from us, and requiring us to sell to the holders, a specified number of shares of common stock at a future date or dates. The price per share of common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula set forth in the stock purchase contracts. The stock purchase contracts may be issued separately or as a part of units, or stock purchase units, consisting of a stock purchase contract and either (x) senior debt securities, senior subordinated debt securities, subordinated debt securities or junior subordinated debt securities, or (y) debt obligations of third parties, including U.S. Treasury securities, in each case, securing the holder's obligations to purchase the common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of the stock purchase contracts or vice versa, and such payments may be unsecured or prefunded on some basis. The stock purchase contracts may require holders to secure their obligations thereunder in a specified manner and in certain circumstances we may deliver newly issued prepaid stock purchase contracts, or prepaid securities, upon release to a holder of any collateral securing such holder's obligations under the original stock purchase contract.

The applicable prospectus supplement will describe the terms of any stock purchase contracts or stock purchase units and, if applicable, prepaid securities. The description in the prospectus supplement will not purport to be complete and will be qualified in its entirety by reference to the stock purchase contracts, the collateral arrangements and depositary arrangements, if applicable, relating to such stock purchase contracts or stock purchase units and, if applicable, the prepaid securities and the document pursuant to which such prepaid securities will be issued.

PLAN OF DISTRIBUTION

We may sell the offered securities in four ways: (1) to or through underwriters; (2) to or through dealers; (3) through agents; and (4) directly or through our subsidiaries to purchasers. If we sell the offered securities directly or through our subsidiaries to purchasers, we will only do so if our employees and other associated persons acting on our behalf in connection with the sale of the offered securities are not deemed to be "brokers" under the Exchange Act or otherwise qualify for the exemption under Rule 3a4-1 of the Exchange Act or any similar rule or regulation as the SEC may adopt and which shall be in effect at the time.

We may distribute the offered securities from time to time in one or more transactions at (1) a fixed price or prices, which may be changed, (2) at market prices prevailing at the time of sale, (3) at prices related to such market prices, or (4) at negotiated prices.

If underwriters are used in the offering of the offered securities, the names of the managing underwriter or underwriters and any other underwriters and certain terms of the offering, including compensation of the underwriters and dealers, if any, will be set forth in the applicable prospectus supplement. Only underwriters named in the applicable prospectus supplement will be deemed to be underwriters in connection

with the offered securities described in that prospectus supplement. Firms not so named will have no direct or indirect participation in the underwriting of such securities, although such a firm may participate in the distribution of those securities under circumstances entitling that firm to a dealer's commission. It is anticipated that any underwriting agreement pertaining to any offered securities will (i) entitle the underwriters to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution for payments which the underwriters may be required to make in respect thereof, (ii) provide that the obligations of the underwriters will be subject to certain conditions precedent, and (iii) provide that the underwriters generally will be obligated to purchase all of the offered securities if any are purchased.

We also may sell the offered securities to a dealer as principal. If we sell the offered securities to a dealer as a principal, then the dealer may resell those securities to the public at varying prices to be determined by such dealer at the time of resale. The name of the dealer and the terms of the transactions will be set forth in the applicable prospectus supplement.

The offered securities also may be offered through agents we may designate from time to time. The applicable prospectus supplement will contain the name of any such agent and the terms of its agency. Unless otherwise indicated in the prospectus supplement, any such agent will act on a best efforts basis for the period of its appointment.

As one of the means of direct issuance of the offered securities, we may utilize the services of any available electronic auction system to conduct an electronic "dutch auction" of the offered securities among potential purchasers who are eligible to participate in the auction of such securities, if so described in the prospectus supplement.

Dealers and agents named in a prospectus supplement may be deemed to be underwriters (within the meaning of the Securities Act) of the securities described in the prospectus supplement and, under agreements which may be entered into with us, may be entitled to indemnification by us against certain civil liabilities, including liabilities under the Securities Act, or to contribution for payments which they may be required to make in respect of those liabilities.

Underwriters, dealers and agents may engage in transactions with us, or perform services for us in the ordinary course of business.

Offers to purchase the offered securities may be solicited directly by us or through our subsidiaries and sales thereof may be made by us directly to institutional investors or others. The terms of any such sales will be described in the applicable prospectus supplement.

LEGAL MATTERS

The legality of the securities will be passed upon for us by Covington & Burling LLP, Washington, D.C. and Faegre Baker Daniels LLP, Indianapolis, Indiana, and for any underwriters, dealers or agents by counsel as may be specified in the applicable prospectus supplement.

EXPERTS

Ernst & Young LLP, an independent registered public accounting firm, has audited our consolidated financial statements, included in our Annual Report on Form 10-K for the year ended December 31, 2012, and the effectiveness of our internal control over financial reporting as of December 31, 2012, as set forth in their reports, which are incorporated by reference in this prospectus and elsewhere in the registration statement. Our financial statements audited by Ernst & Young LLP are incorporated by reference in reliance upon their reports, given on their authority as experts in accounting and auditing.

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution.

The following table sets forth the estimated expenses (other than underwriting compensation) to be incurred by Eli Lilly and Company in connection with the offering of securities described in this registration statement:

SEC registration fee	\$	*
Printing and engraving	\$	**
Accounting services	\$	**
Legal services	\$	**
Fees and expenses of Trustee	\$	**
Rating agency fees	\$	**
Miscellaneous	\$	**
Total	\$	**

* Omitted because the registration fee is being deferred pursuant to Rules 456(b) and 457(r).

** These fees and expenses are calculated based on the number of issuances and the amount of securities offered and accordingly cannot be estimated at this time.

Item 15. Indemnification of Directors and Officers.

Chapter 37 of the IBCL authorizes every Indiana corporation to indemnify its officers and directors under certain circumstances against liability incurred in connection with proceedings to which the officers or directors are made a party by reason of their relationship to the corporation. Officers and directors may be indemnified where they have acted in good faith; in the case of official action, the conduct was in the corporation's best interests and in all other cases, the action taken was not against the interests of the corporation; and in the case of criminal proceedings the action was lawful or there was a reasonable basis to believe the action was lawful. Chapter 37 also requires every Indiana corporation to indemnify any of its officers or directors (unless limited by the articles of incorporation of the corporation) who were wholly successful, on the merits or otherwise, in the defense of any such proceeding against reasonable expenses incurred in connection with the proceeding. A corporation may also, under certain circumstances, pay for or reimburse the reasonable expenses incurred by an officer or director who is a party to a proceeding in advance of final disposition of the proceeding ("advancement of expenses"). Chapter 37 states that the indemnification provided for therein is not exclusive of any other rights to which a person may be entitled under the articles of incorporation, bylaws or resolutions of the board of directors or shareholders.

Our articles of incorporation and bylaws provide for indemnification, to the fullest extent permitted by the IBCL, of our directors, officers, and employees against liability and reasonable expense that may be incurred by them, arising out of any claim or action, civil, administrative, investigative, or criminal in which they may become involved by reason of being or having been a director, officer, or employee. To be entitled to indemnification, (a) those persons must have been wholly successful in the claim or action or (b) the board of directors, independent legal counsel or the shareholders must have determined that such persons acted in good faith in what they reasonably believed to be in our best interest, or in the case of conduct not in the individual's capacity with us, did not act in opposition to our best interest. In addition, in any criminal action, such persons must have had no reasonable cause to believe that their conduct was unlawful. Our bylaws provide for mandatory advancement of expenses to such persons provided certain conditions are met, including provision of an undertaking to repay such advancements, should it be determined that the person is not entitled to indemnification.

Officers and directors of our company are insured, subject to certain exclusions and deductible and maximum amounts, against loss from claims arising in connection with their acting in their respective capacities, including claims under the Securities Act.

Item 16. List of Exhibits.

- 1.1 - Form of Underwriting Agreement.*
- 4.1 - Indenture, dated February 1, 1991, between the Registrant and Deutsche Bank Trust Company Americas (as successor to Citibank, N.A.), as Trustee.
- 4.2 - Agreement dated September 13, 2007 appointing Deutsche Bank Trust Company Americas as Successor Trustee under the Indenture listed above.
†
- 4.3 - Form of Note.*
- 4.4 - Form of Certificate of Designation of Preferred Stock.*
- 4.5 - Form of Deposit Agreement (including form of Deposit Certificate).*
- 4.6 - Form of Warrant Agreement (Stock) (including form of Warrant Certificate).*
- 4.7 - Form of Warrant Agreement (Debt) (including form of Warrant Certificate).*
- 4.8 - Form of Stock Purchase Contract.*
- 4.9 - Form of Unit Agreement.*
- 5.1 - Opinion of Covington & Burling LLP as to legality of the securities being registered, including consent.
- 5.2 - Opinion of Faegre Baker Daniels LLP as to legality of the securities being registered, including consent.
- 12 - Computation of Ratios of Earnings (Loss) to Fixed Charges of Eli Lilly and Company and Subsidiaries.†
- 23.1 - Consent of Ernst & Young LLP.
- 23.2 - Consent of Covington & Burling LLP (included in exhibit 5.1).
- 23.3 - Consent of Faegre Baker Daniels LLP (included in exhibit 5.2).
- 24.1 - Powers of Attorney (included in the signature pages).
- 25.1 - Form T-1 Statement of Eligibility under the Trust Indenture Act of 1939 of Deutsche Bank Trust Company Americas (as successor to Citibank, N.A.), as Trustee.

* To be filed as an exhibit to a current report on Form 8-K of the Registrant.

† Incorporated by reference to the same numbered exhibit from the Registrant's annual report on Form 10-K for the year ended December 31, 2012, filed with the SEC on February 21, 2013.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

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

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

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

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

provided, however, that paragraphs (i), (ii) and (iii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in reports filed with or furnished to the Commission by the registrant pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in the registration statement, or is contained in a form of prospectus filed pursuant to Rule 424(b) that is part of the registration statement.

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

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

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser:

(A) Each prospectus filed by the registrant pursuant to Rule 424(b)(3) shall be deemed to be part of the registration statement as of the date the filed prospectus was deemed part of and included in the registration statement; and

(B) Each prospectus required to be filed pursuant to Rule 424(b)(2), (b)(5), or (b)(7) as part of a registration statement in reliance on Rule 430B relating to an offering made pursuant to Rule 415(a)(1)(i), (vii) or (x) for the purpose of providing the information required by Section 10(a) of the Securities Act of 1933 shall be deemed to be part of and included in the registration statement as of the earlier of the date such form of prospectus is first used after effectiveness or the date of the first contract of sale of securities in the offering described in the prospectus. As provided in Rule 430B, for liability purposes of the issuer and any person that is at that date an underwriter, such date shall be deemed to be a new effective date of the registration statement relating to the securities in the registration statement to which that prospectus relates, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such effective date, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such effective date.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Indianapolis, State of Indiana, on March 1, 2013.

Eli Lilly and Company

By: /s/ Donald A. Zakrowski

Name: Donald A. Zakrowski

Title: Vice President, Finance and Chief Accounting Officer

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears immediately below constitutes and appoints John C. Lechleiter, Derica W. Rice and Donald A. Zakrowski, and any one or more of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments, exhibits thereto and other documents in connection therewith) to this Registration Statement and any registration statement (including exhibits thereto and other documents in connection therewith) filed by the Registrant under Securities and Exchange Commission Rule 462(b) of the Securities Act of 1933 which relates to this Registration Statement, and to file the same with all exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed on the 19th day of February, 2013 by the following persons in the capacities indicated.

Signature	Title
/s/ John C. Lechleiter John C. Lechleiter, Ph.D.	Chairman of the Board, President, and Chief Executive Officer, and a Director (principal executive officer)
/s/ Derica W. Rice Derica W. Rice	Executive Vice President, Global Services and Chief Financial Officer (principal financial officer)
/s/ Donald A. Zakrowski Donald A. Zakrowski	Vice President, Finance and Chief Accounting Officer (principal accounting officer)
/s/ Ralph Alvarez Ralph Alvarez	Director
/s/ Katherine Baicker Katherine Baicker, Ph.D.	Director
/s/ Sir Winfried Bischoff Sir Winfried Bischoff	Director
/s/ Michael L. Eskew Michael L. Eskew	Director
/s/ J. Erik Fyrwald J. Erik Fyrwald	Director
/s/ Alfred G. Gilman Alfred G. Gilman, M.D., Ph.D.	Director
/s/ R. David Hoover R. David Hoover	Director

Signature

/s/ Karen N. Horn

Karen N. Horn, Ph.D.

/s/ William G. Kaelin, Jr.

William G. Kaelin, Jr., M.D.

/s/ Ellen R. Marram

Ellen R. Marram

/s/ Douglas R. Oberhelman

Douglas R. Oberhelman

/s/ Franklyn G. Prendergast

Franklyn G. Prendergast, M.D., Ph.D.

/s/ Kathi P. Seifert

Kathi P. Seifert

Title

Director

Director

Director

Director

Director

Director

ELI LILLY AND COMPANY

and

CITIBANK, N.A.

Debt Securities

Indenture

Dated as of February 1, 1991

INDENTURE, dated as of February 1, 1991 (the "Indenture"), between ELI LILLY AND COMPANY, a corporation duly organized and existing under the laws of the State of Indiana (herein called the "Company"), having its principal office at Lilly Corporate Center, Indianapolis, Indiana 46285 and CITIBANK, N.A., a national banking association organized and existing under the laws of the United States of America (herein called the "Trustee").

RECITALS OF THE COMPANY

WHEREAS, the Company has duly authorized the issue, in one or more series as in this Indenture provided, from time to time of its debt securities (hereinafter called the "Securities") and, to provide the general terms and conditions upon which the Securities are to be authenticated, issued and delivered, the Company has duly authorized the execution and delivery of this Indenture;

WHEREAS, the Trustee has the power to enter into this Indenture and to accept and execute the trusts herein created; and

WHEREAS, the Company represents that all acts and things necessary to make the Securities, when executed by the Company and authenticated and delivered by the Trustee as in this Indenture provided, and issued, the valid, binding and legal obligations of the Company, will, at the time of such execution, authentication and delivery, have been done and performed; that all acts and things necessary to constitute these presents a valid indenture and agreement according to its terms, have been done and performed; that the execution of this Indenture has in all respects been duly authorized, and that the issue hereunder of the Securities will, at the time of the issue thereof, have in all respects been duly authorized; and the Company, in the exercise of each and every legal right and power in it vested, executes this Indenture and proposes to make, execute, issue and deliver the Securities;

NOW THEREFORE, in consideration of the premises and the purchase and acceptance of the Securities by the holders thereof, the Company mutually covenants and agrees with the Trustee, for the equal and proportionate benefit of the respective holders from time to time of the Securities or of series thereof, as follows:

PARAGRAPH A. INCORPORATION BY REFERENCE

Articles One through Thirteen of the Eli Lilly and Company Standard Multiple-Series Indenture Provisions dated, and filed with the Securities and Exchange Commission on, December 20, 1990 (herein called the "Standard Provisions"), a copy of which is attached hereto as Annex "A", are hereby incorporated herein by reference with the same force and effect as though fully set out herein.

PARAGRAPH B. ADDITIONAL PROVISIONS

Each of the following provisions, which constitute part of this Indenture, is numbered to conform with the format of the Standard Provisions:

SECTION 7.13. At the date of this Indenture, the Corporate Trust office is located at 120 Wall Street, New York, N.Y. 10043, except that, with respect to presentation of Securities for payment or registration of transfers and exchanges and the location of the Security Registrar, the Corporate Trust office is located at the office or agency of the Trustee in said city at which any particular time its corporate agency business shall be conducted, which at the date hereof is located at 111 Wall Street, New York, N.Y. 10043.

ARTICLE FOURTEEN

Miscellaneous Provisions

SECTION 14.01. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be an original, but such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

ELI LILLY AND COMPANY

By: _____
James M. Cornelius
Vice President, Finance

[Seal]

ATTEST:

Fred B. Croner, Jr.
Assistant Secretary

CITIBANK, N.A.
Trustee

By: _____
Name: E. Gibbons
Title: Senior Trust Officer

[Seal]

ATTEST:

Name: Pam J. Cote
Title: Trust Officer

Exhibit Index

<u>Exhibit Number</u>	<u>Description of Exhibit</u>	<u>Page</u>
4.1	Form of Medium-Term Note (Floating Rate - Book-Entry).	
4.2	Form of Medium-Term Note (Floating Rate - Certificated).	
4.3	Form of Medium-Term Note (Fixed Rate - Book-Entry).	
4.4	Form of Medium-Term Note (Fixed Rate - Certificated).	

ELI LILLY AND COMPANY

Standard Multiple-Series
Indenture Provisions

Dated, and filed with
the Securities and Exchange Commission
on, February 1, 1991

ELI LILLY AND COMPANY

Reconciliation and tie between Trust Indenture Act of 1939 and Standard Multiple-Series Indenture Provisions¹

Trust Indenture Act Section	Indenture Section	
§ 310 (a) (1)	7.07	
(a) (2)	7.07	
(a) (3)	Not Applicable	
(a) (4)	Not Applicable	
(b)	7.08	
§ 314 (b)	Not Applicable	
(c) (3)	Not Applicable	
(d)	Not Applicable	
§ 316 (a) (1) (A)	6.06	
(a) (1) (B)	6.06	
(a) (2)	Not Applicable	
(b)	6.04	
§ 317 (a) (1)	6.02	
(a) (2)	6.02	
(b)	5.05	7.04
§ 318 (a)	1.05	

¹ This reconciliation and tie shall not, for any purpose, be deemed to be part of the Indenture.

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²This table of contents shall not, for any purpose, be deemed to be part of the Indenture.

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ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

SECTION 1.01. Definitions. The following terms (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Indenture and of any indenture supplemental hereto shall have the respective meanings specified in this Section. All other terms used in this Indenture which are defined (either directly or by reference) in the Trust Indenture Act of 1939 (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the meanings so assigned to such terms. All accounting terms used herein and not expressly defined shall have the meanings assigned to such terms in accordance with generally accepted accounting principles, and the term "generally accepted accounting principles" means such accounting principles as are generally accepted at the time of any computation.

"Authenticating Agent" means any agent of the Trustee which at any time shall be appointed and acting pursuant to the provisions of Section 7.12.

"Authorized Newspaper" means a newspaper of general circulation in the place of publication printed in the English language or in an official language of the country of publication and customarily published on each Business Day of the year, whether or not such newspaper is published on Saturdays, Sundays, or legal holidays. Where successive publications are required to be made in Authorized Newspapers, the successive publications may be made in the same or different newspapers in the same place of publication meeting the foregoing requirements and in each case on any Business Day.

"Bearer Security" means any Security in the form of bearer securities established pursuant to Section 2.03 that is payable to bearer including any coupons appertaining thereto unless (i) the context otherwise indicates or (ii) the term "coupon" is separately employed for purposes of clarity.

"Board of Directors" means the Board of Directors of the Company, or any duly authorized committee of such Board or any officers of the Company duly authorized so to act by such Board.

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

"Business Day", when used with respect to any Place of Payment or in conjunction with the name of a city, means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in that Place of Payment or city are authorized or obligated by or pursuant to law, regulation or executive order to close, and shall otherwise mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions at the place where any specified act pursuant to this Indenture is to occur are authorized or obligated by or pursuant to law, regulation or executive order to close.

"Commission" means the Securities and Exchange Commission, as from time to time constituted, created under the Securities Exchange Act of 1934, as amended, or, if at any time after the

execution and delivery of this instrument such Commission is not existing and performing the duties now assigned to it under the Trust Indenture Act, then the body performing such duties at such time.

"Company" shall mean Eli Lilly and Company, an Indiana corporation and, subject to Article 11, its successors or assigns.

"Component Currency" has the meaning specified in Section 3.11(i).

"Consolidated Net Tangible Assets" means the total amount of assets (less applicable reserves and other properly deductible items) after deducting (1) all current liabilities (excluding the amount of those which are by their terms extendable or renewable at the option of the obligor to a date more than 12 months after the date as of which the amount is being determined) and (2) all goodwill, tradenames, trademarks, patents, unamortized debt discount and expense and other like intangible assets, all as set forth on the most recent balance sheet of the Company and its consolidated subsidiaries and determined in accordance with generally accepted accounting principles.

"Consolidated Subsidiary" and **"Consolidated Subsidiaries"** means, respectively, any or all Subsidiaries the accounts of which are properly included in the Company's consolidated financial statements.

"Conversion Date" has the meaning specified in Section 3.11(e).

"Conversion Rate" has the meaning specified in Section 7.11.

"Corporate Trust Office" means the office of the Trustee in New York, New York at which at any particular time its corporate trust business shall be principally administered, except that, with respect to presentation of Securities for payment or registration of transfers and exchanges and the location of the Security Register, such term means the office or agency of the Trustee in said city at which at any particular time its corporate agency business shall be conducted.

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

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

"debt securities" means notes, bonds, debentures or other similar evidences of indebtedness for money borrowed.

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

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

"Discharged" means that the Company will be deemed to have paid and discharged the entire indebtedness represented by, and obligations under, the Securities of the series as to which Section 12.02 is specified as applicable and to have satisfied all the obligations under this Indenture relating to the Securities of such series (and the Trustee, at the expense of the Company, will execute proper instruments

acknowledging the same), except (A) the rights of Holders thereof to receive, from the trust fund described in clause (q)(1) above, payment of the principal of and the interest, if any, on such Securities when such payments are due, (B) the Company's obligations with respect to such Securities under Sections 3.05 and 3.06 (insofar as applicable to Securities of such series), 12.02 and 5.02 and the Company's obligations to the Trustee under Section 7.05, (C) the rights of Holders of Securities of any series with respect to the currency or currency units in which they are to receive payments of principal, premium, if any, and interest and (D) the rights, powers, trusts, duties and immunities of the Trustee hereunder, will survive such discharge. The Company will reimburse the trust fund for any loss suffered by it as a result of any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or Foreign Government Securities, as the case may be, or any principal or interest paid on such obligations, and, subject to the provisions of Section 7.05, will indemnify the Trustee against any claims made against the Trustee in connection with any such loss.

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

"Dollar Determination Agent" means a New York clearing house bank appointed by the Company.

"Dollar Equivalent of the Currency Unit" has the meaning specified in Section 3.11(h).

"Dollar Equivalent of the Foreign Currency" has the meaning specified in Section 3.11(g).

"ECU" means the European Currency Unit as defined and revised from time to time by the Council of the European Communities.

"European Communities" means the European Economic Community, the European Coal and Steel Community and the European Atomic Energy Community as constituted from time to time.

"Event of Default" means any event or condition specified in Section 6.01, continued for the period of time, if any, and after the giving of the notice, if any, therein designated.

"Exchange Rate Agent" means the entity appointed by the Company pursuant to Section 8.02.

"Exchange Rate Officer's Certificate" means a tested telex or a certificate setting forth (i) the applicable Official Exchange Rate and (ii) the Dollar or Foreign Currency or currency unit amounts of principal, premium, if any, and interest, if any, respectively (on an aggregate basis and on the basis of a Security having a principal amount of 1,000 in the relevant currency or currency unit), payable on the basis of such Official Exchange Rate, sent (in the case of a telex) or executed (in the case of a certificate) by the Treasurer or any Assistant Treasurer of the Company and delivered to the Trustee; such tested telex or certificate need not comply with Section 314 of the Trust Indenture Act.

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

"Foreign Government Securities" means, with respect to Securities of any series that are denominated in a Foreign Currency, securities that are (i) direct obligations denominated and payable in such Foreign Currency of the government that issued or caused to be issued such currency for the

payment of which obligations its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of such government the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by such government, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof.

"Funded Debt" means indebtedness of the Company or a Subsidiary owning Restricted Property maturing by its terms more than one year after its creation and indebtedness classified as long-term debt under generally accepted accounting principles and in each case ranking at least pari passu with the Securities.

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

"Holder", with respect to a Registered Security, means a Person in whose name such Registered Security is registered in the Security Register, and, with respect to a Bearer Security or a coupon, means the bearer thereof.

"indebtedness" means any obligation which in accordance with generally accepted accounting principles would be classified as indebtedness. For all purposes of this Indenture, all indebtedness which is either (a) secured by a mortgage, lien or other encumbrance upon property owned by any corporation, although such corporation has not assumed or become liable for the payment of such indebtedness, or (b) guaranteed by any corporation shall be deemed to have been assumed by such corporation and to be included in any reference to the indebtedness of such corporation.

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

"interest", when used with respect to an Original Issue Discount Security means interest payable after maturity.

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

"Lien" means any mortgage, pledge, lien, encumbrance, charge or security interest.

"mandatory sinking fund payment" has the meaning specified in Section 4.05.

"Market Exchange Rate" has the meaning specified in Section 3.11(i).

"maturity", when used with respect to any Security, means the date on which the principal (or a portion thereof) of such Security becomes due and payable as therein or herein provided, whether at Stated Maturity or by declaration of acceleration, notice of redemption, request for redemption at the option of the Holder, exercise of option to elect early maturity or otherwise.

"Officers' Certificate" means a certificate signed by the Chairman of the Board of Directors, the President or any Vice President, and the Treasurer, the Controller, the Secretary or any Assistant Secretary, of the Company, and delivered to the Trustee. Each such Officers' Certificate shall contain the statements provided in Section 314 of the Trust Indenture Act, if applicable.

"Official Exchange Rate" means with respect to any payment to be made hereunder, the exchange rate between the relevant currency or currency unit and the currency or currency unit of payment calculated by the Exchange Rate Agent for the Securities of the relevant series (or in the case of ECU, reported by the Commission of the European Communities and currently based on the rates in effect at 2:30 p.m., Brussels time, on the exchange markets of the Component Currencies of ECU), on the Business Day (in the city in which such Exchange Rate Agent has its principal office) immediately preceding delivery of any Exchange Rate Officer's Certificate.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for or an employee of the Company, which is acceptable in form and substance to the Trustee. Each Opinion of Counsel shall contain the statements provided in Section 3.14 of the Trust Indenture Act, if applicable.

"optional sinking fund payment" has the meaning specified in Section 4.05.

"Original Issue Discount Security" means any Security which provides for an amount less than the principal amount thereof to be due and payable upon a declaration of acceleration of the maturity thereof pursuant to Section 6.01.

"Outstanding", when used with reference to Securities, subject to the provisions of Section 8.04, means, as of any particular time, all Securities authenticated and delivered by the Trustee under this Indenture, except

(a) Securities theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;

(b) Securities, or portions thereof, for the payment or redemption of which moneys or, as provided in Section 12.02 hereof, Foreign Government Securities or U.S. Government Obligations, as the case may be, in the necessary amount shall have been deposited in trust with the Trustee or with any Paying Agent (other than the Company) or (except for purposes of Section 12.01) shall have been set aside and segregated in trust by the Company (if the Company shall act as its own Paying Agent), provided that if such Securities are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Article Four provided, or provision satisfactory to the Trustee shall have been made for giving such notice; and

(c) Securities in lieu of or in substitution for which other Securities shall have been authenticated and delivered pursuant to Section 3.06;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Securities have taken any action, given any request, demand, authorization, direction, notice, consent or waiver hereunder or whether a quorum is present at a meeting of Holders of Securities, the principal amount of an Original Issue Discount Security that shall be deemed to be Outstanding shall be the amount of the principal thereof that would be due and payable as of the date of such determination upon acceleration of the maturity thereof pursuant to Section 6.01.

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

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

"Place of Payment", when used with respect to the Securities of any series, means the principal office of the Trustee or such other place or places where the principal of, premium, if any, and interest, if any, on the Securities of that series are payable as specified in accordance with Section 3.01.

"Predecessor Security" of any particular Security means every previous Security evidencing all or a portion of the same debt as that evidenced by such particular Security, and, for the purposes of this definition, any Security authenticated and delivered under Section 3.06 in exchange for or in lieu of a mutilated, destroyed, lost or stolen Security shall be deemed to evidence the same debt as the mutilated, destroyed, lost or stolen Security.

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

"redemption price", when used with respect to any Security to be redeemed, means the price (exclusive of accrued interest, if any) at which it is to be redeemed pursuant to this Indenture.

"Registered Security" means any Security in the form of registered securities established pursuant to Section 2.03 that is registered in the Security Register.

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

"Required Currency" has the meaning specified in Section 1.13.

"Responsible Officer", when used with respect to the Trustee, means the Chairman or any Vice Chairman of the Board of Directors, the Chairman or any Vice Chairman of the Executive Committee of the Board of Directors, the Chairman of the Trust Committee, the President, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Senior Trust Officer, any Trust Officer or Assistant Trust Officer, the Controller or any Assistant Controller or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Property" means (1) any manufacturing facility, or portion thereof, owned or leased by the Company or any Subsidiary and located within the continental United States of America which, in the opinion of the Board of Directors, is of material importance to the business of the Company and its Subsidiaries taken as a whole, but no such manufacturing facility, or portion thereof, shall be deemed of material importance if its gross book value (before deducting accumulated depreciation) is less than 2% of Consolidated Net Tangible Assets, or (2) any shares of capital stock or indebtedness of any Subsidiary owning any such manufacturing facility. As used in this definition, "manufacturing facility" means property, plant and equipment used for actual manufacturing and for activities directly related to manufacturing such as quality assurance, engineering, maintenance, staging areas for work in process materials, employees' eating and comfort facilities and manufacturing administration, and it excludes sales offices, research facilities and facilities used only for warehousing or general administration.

"Sale and Leaseback Transaction" means any arrangement with any person pursuant to which the Company or any Subsidiary leases any Restricted Property that has been or is to be sold or transferred by the Company or the Subsidiary to such person, other than (1) temporary leases for a term,

including renewals at the option of the lessee, of not more than three years, (2) leases between the Company and a Subsidiary or between Subsidiaries, (3) leases of a Restricted Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation of the Restricted Property, and (4) arrangements pursuant to any provision of law with an effect similar to the former Section 168(f) (8) of the Internal Revenue Code of 1954, as amended.

"Security" or **"Securities"** means one or more, as the case may be, of the Company's debt securities authenticated and delivered under this Indenture, which may be Registered Securities or Bearer Securities.

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

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

"Specified Amount" has the meaning specified in Section 3.11(i).

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

"stock" includes any and all shares, interests, participations or other equivalents (however designated) of corporate stock.

"Subsidiary" means any corporation more than 50% of the voting stock of which shall at the time be owned by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries, but shall not include any corporation of which the Company and/or one or more Subsidiaries owns directly or indirectly less than 50% of the outstanding stock of all classes having ordinary voting power for the election of directors but more than 50% of the outstanding shares of stock of a class having by its terms ordinary voting power as a class to elect a majority of the board of directors of such corporation.

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

"Trust Indenture Act" means the Trust Indenture Act of 1939, as amended.

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

"United States Person" has the meaning as determined by Section 3.01(18).

"U.S. Government Obligations" means securities that are (i) direct obligations of the United States for the payment of which its full faith and credit is pledged or (ii) obligations of a Person

controlled or supervised by and acting as an agency or instrumentality of the United States the timely payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States, which, in either case under clauses (i) or (ii), are not callable or redeemable at the option of the issuer thereof, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specified payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"Valuation Date" has the meaning specified in Section 3.11(e).

"Value" means, with respect to a Sale and Leaseback Transaction, an amount equal to the net present value of the lease payments with respect to the term of the lease remaining on the date as of which the amount is being determined, without regard to any renewal or extension options contained in the lease, discounted at the weighted average interest rate on the Securities of all series (including the yield to maturity on any Original Issue Discount Securities) which are outstanding on the effective date of such Sale and Leaseback Transaction.

"voting stock", as applied to the stock of any corporation, means stock having ordinary voting power for the election of directors of such corporation, other than stock having such power only by reason of the happening of a contingency.

"Yield to Maturity" means the yield to maturity on a series of securities, calculated at the time of issuance of such series, or, if applicable, at the most recent redetermination of interest on such series, and calculated in accordance with accepted financial practice.

SECTION 1.02. Form of Documents Delivered to Trustee. In any case where several matters are required to be certified by, or covered by an opinion of, any specified Person, it is not necessary that all such matters be certified by, or covered by the opinion of, only one such Person, or that they be so certified or covered by only one document, but one such Person may certify or give an opinion with respect to some matters and one or more other such Persons as to other matters, and any such Person may certify or give an opinion as to such matters in one or several documents.

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

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

SECTION 1.03. Notices, Etc., to Trustee and Company. Any request, demand, authorization, direction, notice, consent, waiver or act of Holders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with,

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

(2) the Company by the Trustee or by any Holder shall be sufficient for every purpose hereunder (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to the Company addressed to it at Lilly Corporate Center, Indianapolis, Indiana 46285, Attention: Secretary, or at any other address previously furnished in writing to the Trustee by the Company.

SECTION 1.04. Notice to Holders; Waiver.

(a) Where this Indenture provides for notice to Holders of Registered Securities of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Holder of a Registered Security affected by such event and to such other Holders of Securities as have, within two years preceding such transmission, filed their names and addresses with the Trustee for that purpose, at his address as it appears in the Security Register, not later than the latest date and not earlier than the earliest date prescribed for the giving of such notice, and in the event of suspension of regular mail service or for any other reason it shall be impracticable to give such notice to Holders of Registered Securities by mail, then such notification to Holders of Registered Securities shall be made in the manner specified in Section 1.04 (b) and such notification shall constitute sufficient notification for every purpose hereunder. In any case where notice to Holders of Registered Securities is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Holder of a Registered Security shall affect the sufficiency of such notice with respect to other Holders of Securities or the sufficiency of any notice by publication to Holders of Securities given as provided in Section 1.04 (b).

(b) Where (x) this Indenture provides for notice to Holders of Bearer Securities or (y) if there has been a suspension of regular mail service or for any other reason it is impracticable to give notice to Holders of Registered Securities by mail, such notice shall be sufficiently given if published on a Business Day in an Authorized Newspaper in The City of New York and, if the Securities of such series are then listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland, in London and, if the Securities of such series are then listed on the Luxembourg Stock Exchange, in Luxembourg and, if the Securities of such series are then listed on any other stock exchange outside the United States and such stock exchange shall so require, in any other required city outside the United States, or, if not practicable in any required city, in London, such publication to be not earlier than the earliest date and not later than the latest date prescribed for the giving of such notice. In case by reason of the suspension of publication of any Authorized Newspaper or Authorized Newspapers or by reason of any other cause it shall be impracticable to publish any notice as provided in this Section 1.04 (b), then such notification as shall be given with the approval of the Trustee shall constitute sufficient notice to such Holders for every purpose under this Section 1.04 (b). Neither failure to give notice by publication as provided in this Section 1.04 (b), nor any defect in any notice so published, shall affect the sufficiency of any notice mailed to Holders of Registered Securities as provided in Section 1.04 (a).

(c) Where this Indenture provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Trustee, but

such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

(d) Any request, demand, authorization, notice, consent, election, waiver or other act required or permitted under this Indenture shall be in the English language, except that any published notice may be in an official language of the country of publication.

SECTION 1.05. Conflict With Trust Indenture Act. If any provision hereof limits, qualifies or conflicts with another provision hereof which is required to be included in this Indenture by any of the provisions of the Trust Indenture Act, such required provision shall control.

SECTION 1.06. Effect of Headings and Table of Contents. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 1.07. Successors and Assigns. All covenants and agreements in this Indenture by the Company shall bind its successors and assigns, whether so expressed or not.

SECTION 1.08. Separability Clause. In case any provision in this Indenture or in the Securities shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 1.09. Benefits of Indenture. Nothing in this Indenture or in the Securities, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

SECTION 1.10. Governing Law. This Indenture and the Securities shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 1.11. Legal Holidays. Unless otherwise provided by Section 3.01, in any case where any Interest Payment Date, Redemption Date or Stated Maturity of any Security shall not be a Business Day at any Place of Payment, then (notwithstanding any other provision of this Indenture or of the Securities) payment of the principal of, premium, if any, or interest, if any, on such Security need not be made at such Place of Payment on such date, but may be made on the next succeeding Business Day at such Place of Payment with the same force and effect as if made on the Interest Payment Date or redemption date, or at the Stated Maturity, provided that no additional interest shall accrue with respect to the payment due on such date for the period from and after such Interest Payment Date, Redemption Date or Stated Maturity, as the case may be, to the next succeeding Business Day.

SECTION 1.12. Moneys of Different Currencies to be Segregated. The Trustee shall segregate moneys, funds and accounts held by the Trustee hereunder in one currency (or unit thereof) from any moneys, funds or accounts in any other currencies (or units thereof), notwithstanding any provision herein which would otherwise permit the Trustee to commingle such amounts.

SECTION 1.13. Payment to be in Proper Currency. In the case of any Security denominated in any particular currency or currency unit (the "Required Currency"), except as otherwise provided herein, therein or in or pursuant to the related Board Resolution or supplemental indenture, the obligation of the Company to make any payment of principal of, premium, if any, or interest, if any, thereon shall not be discharged or satisfied by any tender by the Company, or recovery by the Trustee, in any currency or currency unit other than the Required Currency, except to the extent that such tender or recovery, if exchanged for the Required Currency by the Trustee at its election as provided in the next sentence, shall

result in the Trustee timely holding the full amount of the Required Currency then due and payable. Neither the Trustee nor any Paying Agent shall be obligated to make any payment in any currency or currency unit other than the currency or currency unit tendered to, or recovered by, the Trustee or such Paying Agent. Notwithstanding the foregoing, if any such tender or recovery is made in other than the Required Currency, the Trustee may take such actions as it considers appropriate to exchange such other currency or currency unit for the Required Currency. The costs and risks of any such exchange, including without limitation the risks of delay and exchange rate fluctuation, shall be borne by the Company, the Company shall remain fully liable for any shortfall or delinquency in the full amount of the Required Currency then due and payable and in no circumstances shall the Trustee be liable therefor. The Company hereby waives any defense of payment based upon any such tender or recovery which is not in the Required Currency, or which, when exchanged for the Required Currency by the Trustee, is less than the full amount of the Required Currency then due and payable.

ARTICLE TWO

SECURITY FORMS

SECTION 2.01. Forms Generally. The Securities of each series shall be in substantially the form as shall be established by or pursuant to a Board Resolution or in one or more indentures supplemental hereto, in each case with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon as may be required to comply with the rules of any securities exchange or as may, consistently herewith, be determined by the officers executing such Securities as evidenced by their execution of the Securities. If the form of Securities of any series is established by action taken pursuant to a Board Resolution, a copy of an appropriate record of any such action taken shall be certified by the Secretary or an Assistant Secretary of the Company and delivered to the Trustee at or prior to the delivery of the written order of the Company contemplated by Section 3.03 for the authentication and delivery of the initial Securities of each series. Any such Board Resolution or record of such action shall have attached thereto a true and correct copy of the form of Security referred to therein approved by or pursuant to such Board Resolution.

The Trustee's certificate of authentication shall be in substantially the form set forth in this Article Two.

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

SECTION 2.02. Form of Trustee's Certificate of Authentication. The Trustee's certificate of authentication on all Securities shall be in substantially the following form:

This is one of the Securities of the series designated therein issued under the within-mentioned Indenture.

[full name of Trustee],
as Trustee

By _____
Authorized Officer

SECTION 2.03. Forms of Securities. Each Security shall be in one of the forms approved from time to time by or pursuant to a Board Resolution or one or more indentures supplemental hereto which shall set forth the information required by Section 3.01. Unless otherwise provided as contemplated by Section 3.01 with respect to any series of Securities, the Securities of each series shall be issuable in registered form without coupons. If so provided as contemplated by Section 3.01, the Securities of a series shall be issuable in whole or in part (a) in bearer form, with interest coupons attached, (b) in registered and bearer form or (c) in the form of one or more Global Securities.

ARTICLE THREE

THE SECURITIES

SECTION 3.01. Amount Unlimited; Issuable in Series. The aggregate principal amount of Securities which may be authenticated and delivered under this Indenture is unlimited.

The Securities may be issued in one or more series, and each such series shall rank equally and pari passu with all other unsecured and unsubordinated indebtedness of the Company. There shall be established in or pursuant to a Board Resolution, and set forth in an Officers' Certificate, or established in one or more indentures supplemental hereto, prior to the initial issuance of Securities of any series,

(1) the title of the Securities of the series (which shall distinguish the Securities of the series from all other Securities, except to the extent that additional Securities of an existing series are being issued);

(2) any limit upon the aggregate principal amount of the Securities of the series that may be authenticated and delivered under this Indenture (except for Securities authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Securities of the series pursuant to Section 3.04, 3.05, 3.06, 4.03 or 10.04);

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

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

(5) if other than such currency of the United States as at the time of payment is legal tender for payment of public or private debts, the currency or currencies or currency unit or units, in which payment of the principal of, premium, if any, or interest, if any, on the Securities of the series shall be payable and the Dollar Determination Agent, if any, for such series;

(6) if the principal of, premium, if any, or interest, if any, on the Securities of the series are to be payable, at the election of the Company or a Holder, in a currency or currencies or currency unit or units, other than that in which the Securities are stated to be payable, the period or periods within which, and the terms and conditions upon which, such election may be made or the other circumstances under which any of such Securities are to be so payable, including without limitation the application of Section 3.11 and any deletions to, modifications of or additions to the provisions thereof, and any provision requiring the Holder to bear currency exchange costs by deduction from such payments;

(7) if the amount of payments of principal of, premium, if any, or interest, if any, on any of the Securities of the series may be determined with reference to an index, formula, or other method based on (i) a currency or currencies, or currency unit or units, or in such other commodity as permitted, other than that in which such Securities are stated to be payable or (ii) any method not inconsistent with

the provisions of this Indenture specified in or pursuant to such Board Resolution, then in either case (i) or (ii) the manner in which such amounts shall be determined;

(8) the place or places where the principal of, premium, if any, and interest, if any, on the Securities of the series shall be payable;

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

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

(11) whether Bearer Securities of the series are to be issuable and, if so, (i) whether Registered Securities of the series are also to be issuable and (ii) the manner in which such Bearer Securities are to be dated;

(12) if Bearer Securities of the series are to be issuable, (x) whether interest in respect of any portion of a temporary Global Security (representing all of the outstanding Bearer Securities of the series) payable in respect of any Interest Payment Date prior to the exchange of such temporary Security for definitive Securities in the series shall be paid to any Depositary with respect to the portion of such temporary Global Security held for its account and, in such event, the terms and conditions (including any certification requirements) upon which any such interest payment received by such Depositary will be credited to the Persons entitled to interest payable on such Interest Payment Date, and (y) the terms upon which interests in such temporary Global Security may be exchanged for interests in a permanent Global Security or for definitive Securities of the series and the terms upon which interests in a permanent Global Security, if any, may be exchanged for definitive Securities of the series;

(13) whether the Securities of the series shall be issued in whole or in part in the form of one or more Global Securities and, in such case, the Depositary for such Global Security or Securities;

(14) the denominations in which Registered Securities of the series, if any, shall be issuable, if other than the denominations of \$1,000 and any integral multiple thereof, and the denominations in which Bearer Securities of the series, if any, shall be issuable if other than the denomination of \$5,000;

(15) if other than the principal amount thereof, the portion of the principal amount of any of the Securities of the series which shall be payable upon declaration of acceleration of the maturity thereof pursuant to Section 6.01;

(16) the application, if any, of Section 12.02, or such other means of satisfaction and discharge as may be specified for the Securities of a series;

(17) any deletions from or modifications of or additions to the Events of Default set forth in Section 6.01 pertaining to the Securities of the series;

(18) whether and under what circumstances and with what procedures and documentation the Company will pay additional amounts on any of the Securities, of the series to any

Holder who is not a United States Person (including a definition of such term), in respect of any tax, assessment or governmental charge withheld or deducted and, if so, whether the Company will have the option to redeem such Securities rather than pay additional amounts (and the terms of any such option);

(19) the Person to whom any interest on any Registered Security of the series shall be payable, if other than the Person in whose name that Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest, the manner in which, or the Person to whom, any interest on any Bearer Security of the series shall be payable, if otherwise than upon presentation and surrender of the coupons appertaining thereto as they severally mature and the extent to which, or the manner in which, any interest payable on a temporary Global Security on an Interest Payment Date will be paid if other than in the manner provided in Section 3.04;

(20) the form of the Securities of the series; and

(21) any other terms of the series (which terms shall not be inconsistent with the provisions of this Indenture or adversely affect the rights of Holders of any other series of Securities then outstanding).

If any of the terms of the series are established by action taken pursuant to a Board Resolution, a copy of an appropriate record of such action shall be delivered to the Trustee at or prior to the initial issuance of Securities of such series.

SECTION 3.02. Denominations. Unless otherwise provided as contemplated by Section 3.01 with respect to any series of Securities and except as provided in Section 3.03, the Registered Securities of each series, if any, shall be issuable in denominations of \$1,000 and any integral multiple thereof and the Bearer Securities of each series, if any, shall be issuable in the denomination of \$5,000. Securities of each series shall be numbered, lettered or otherwise distinguished in such manner or in accordance with such plan as the officers of the Company executing the same may determine with the approval of the Trustee.

SECTION 3.03. Execution, Authentication, Delivery and Dating. The Securities shall be signed on behalf of the Company by the Chairman of the Board of Directors, the President, or a Vice President and by its Treasurer or Controller or its Secretary or an Assistant Secretary, under its corporate seal. Such signatures may be manual or facsimile signatures of the present or any future such authorized officers and may be imprinted or otherwise reproduced on the Securities. The seal of the Company may be in the form of a facsimile thereof and may be impressed, affixed, imprinted or otherwise reproduced on the Securities. Any coupons shall be executed on behalf of the Company by the manual or facsimile signature of any such authorized officer of the Company.

Only such Securities as shall bear thereon a certificate of authentication substantially in the form hereinbefore recited, executed by the Trustee, shall be entitled to the benefits of this Indenture or be valid or obligatory for any purpose. Such certificate by the Trustee upon any Security executed by the Company shall be conclusive evidence that the Security so authenticated has been duly authenticated and delivered hereunder.

Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Securities or did not hold such offices at the date of such Securities.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Securities of any series executed by the Company to the Trustee for authentication. The Trustee shall thereupon authenticate and deliver such Securities to or upon the written order of the Company, signed by the Chairman of the Board of Directors, the President, or a Vice President and by its Treasurer or Controller or by its Secretary or an Assistant Secretary, or pursuant to such procedures acceptable to the Trustee and such recipients, without any further action by the Company; provided, however, that in connection with its original issuance, a Bearer Security may be delivered only outside the United States and only if the Company or its agent shall have received from the person entitled to delivery of such Bearer Security a certificate substantially in the form set forth as Exhibit A hereto. In authenticating such Securities, and accepting the additional responsibilities under this Indenture in relation to such Securities, the Trustee shall be entitled to receive, and shall be fully protected in relying upon the documents specified in Section 314 of the Trust Indenture Act, and in addition:

- (a) a Board Resolution relating thereto, and, if applicable, an appropriate record of any action taken pursuant to such Board Resolution, certified by the Secretary or an Assistant Secretary of the Company;
- (b) an executed supplemental indenture, if any; and
- (c) an Opinion of Counsel prepared in accordance with Section 1.02, which shall also state
 - (1) that the form and terms of such Securities have been established by or pursuant to one or more Board Resolutions, by a supplemental indenture as permitted by Section 10.01(f), or by both such resolution or resolutions and such supplemental indenture, in conformity with the provisions of this Indenture;
 - (2) that the supplemental indenture, if any, when executed and delivered by the Company and the Trustee, will constitute a valid and legally binding obligation of the Company; and
 - (3) that such Securities when authenticated and delivered by the Trustee and issued by the Company in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Company in accordance with their terms and will be entitled to the benefits of this Indenture.

The Trustee shall have the right to decline to authenticate and deliver the Securities of such series if the Trustee reasonably determines that such action may not lawfully be taken, would expose the Trustee to personal liability or would add to the obligations and duties of the Trustee hereunder in any material respect. In addition, prior to the authentication upon original issuance of the first Security of a series to be issued, which is denominated in a Foreign Currency or currency unit, the Trustee shall have the right to decline to authenticate and deliver any Securities of such series if the Trustee determines in its reasonable discretion that it would not be able to properly fulfill its obligations hereunder in respect of such Securities or to do so would be unduly burdensome to the Trustee.

If the Company shall establish pursuant to Section 3.01 that the Securities of a series are to be issued in whole or in part in the form of one or more Global Securities, then the Company shall execute and the Trustee shall, in accordance with this Section and the written order of the Company with respect to such series, authenticate and deliver one or more Global Securities in temporary or permanent form that

(i) shall represent and shall be denominated in an amount equal to the aggregate principal amount of the Outstanding Securities of such series to be represented by one or more Global Securities, (ii) shall be registered, if in registered form, in the name of the Depository for such Global Security or Securities or the nominee of such Depository, (iii) shall be delivered by the Trustee to such Depository or pursuant to such Depository's instruction, and (iv) shall bear a legend to substantially the following effect: "Unless and until it is exchanged in whole or in part for Securities in definitive registered form, this Security may not be transferred except as a whole by the Depository to the nominee of the Depository or by a nominee of the Depository to the Depository or another nominee of the Depository or by the Depository or any such nominee to a successor Depository or to a nominee of such successor Depository."

Each Depository designated pursuant to Section 3.01 for a Global Security in registered form to be delivered in the United States must, at the time of its designation and at all times while it serves as Depository, be a clearing agency registered under the Securities Exchange Act of 1934, as amended, and any other applicable statute or regulation.

Each Registered Security shall be dated the date of its authentication. Each Bearer Security shall be dated as of the date specified as contemplated by Section 3.01.

Notwithstanding the provisions of Section 3.01 and of this Section 3.03, if all Securities of a series are not to be originally issued at one time, it shall not be necessary to deliver the Officers' Certificate otherwise required pursuant to Section 3.01 or the written order of the Company, Board Resolution, Officers' Certificate and Opinion of Counsel otherwise required pursuant to this Section 3.03 at or prior to the time of authentication of each Security of such series if such documents are delivered at or prior to the authentication upon original issuance of the first Security of such series to be issued.

SECTION 3.04. Temporary Securities. Pending the preparation of a permanent Global Security or definitive Securities of any series, the Company may execute, and upon compliance with Section 3.03 the Trustee shall authenticate and deliver, temporary Securities which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Securities in lieu of which they are issued, in registered form or, if authorized, in bearer form with one or more coupons or without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers executing such Securities and coupons may determine, as evidenced by their execution of such Securities and coupons. In the case of Securities of any series, such temporary Securities may be in global form, representing all or a portion of the Outstanding Securities of such series.

If temporary Securities of any series are issued, the Company will cause definitive Securities of that series to be prepared without unreasonable delay. Except as otherwise specified as contemplated by Section 3.01 (12) (y) with respect to a series of Securities issuable as Bearer Securities, (a) after the preparation of definitive Securities of such series, the temporary Securities of such series shall be exchangeable for definitive Securities of such series upon surrender of the temporary Securities of such series at the office or agency of the Company in a Place of Payment for such series and (b) upon surrender for cancellation of any one or more temporary Securities of any series (accompanied by any unmatured coupons appertaining thereto), the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor a like principal amount of definitive Securities of the same series of authorized denominations and of like tenor; provided, however, that no definitive Bearer Security shall be delivered in exchange for a temporary Registered Security; and provided further that no definitive Bearer Security shall be delivered in exchange for a temporary Security unless the Company or its agent shall have received from the person entitled to receive the definitive Bearer Security a certificate substantially in the form set forth in Exhibit A hereto; and provided further, delivery of a Bearer Security shall occur only

outside the United States; and provided further that neither a beneficial interest in a permanent Global Security in bearer form nor a definitive Bearer Security will be issued if the Company has reason to know that such certificate is false. Until so exchanged, the temporary Securities of any series shall in all respects be entitled to the same benefits under this Indenture as definitive Securities of such series except as otherwise specified as contemplated by Section 3.01 with respect to the payment of interest on Securities in temporary form. Such exchanges shall be made by the Company at its expense and without any charge therefor.

SECTION 3.05. Registration; Registration of Transfer and Exchange. The Company shall cause to be kept for each series of Registered Securities at one of the offices or agencies maintained in accordance with Section 5.02 a register or registers herein sometimes collectively referred to as the "Security Register" in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of such Registered Securities and of transfers of such Registered Securities. Said office or agency is hereby appointed "Security Registrar" for the purpose of registering such Registered Securities and transfers of such Registered Securities as herein provided.

Upon surrender for registration of transfer of any Registered Security of any series at an office or agency maintained in accordance with Section 5.02, the Company shall execute, and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Registered Securities of the same series and of like tenor, of any authorized denominations and of a like aggregate principal amount and Stated Maturity.

In no case shall there be more than one Security Register for a series of Registered Securities.

At the option of the Holder, Registered Securities of any series (except a Global Security) may be exchanged for other Registered Securities of the same series and of like tenor, of any authorized denominations and of a like aggregate principal amount and Stated Maturity, upon surrender of the Registered Securities to be exchanged at such office or agency. Whenever any Securities are so surrendered for exchange, the Company shall execute, and the Trustee shall authenticate and deliver, the Securities which the Holder making the exchange is entitled to receive. Bearer Securities may not be delivered in exchange for Registered Securities.

Notwithstanding any other provision of this Section, unless and until it is exchanged in whole or in part for Securities in definitive registered form, a Global Security representing all or a portion of the Securities of a series may not be transferred except as a whole by the Depositary to the nominee of the Depositary or by a nominee of the Depositary to the Depositary or another nominee of the Depositary or by the Depositary or any such nominee to a successor Depositary or to a nominee of such successor Depositary.

At the option of the Holder except as otherwise specified as contemplated by Section 3.01 (12) (y) with respect to a Global Security issued in bearer form, Registered Securities may be issued in exchange for Bearer Securities of the same series (if the Securities of such series are issuable as Registered Securities) or Bearer Securities of any series may be issued in exchange for Bearer Securities of the same series (if Bearer Securities of such series are issuable in more than one denomination), of any authorized denomination and of like tenor and aggregate principal amount, upon surrender of the Bearer Securities to be exchanged at any such office or agency, with all unmatured coupons and all matured coupons in default thereto appertaining; provided, however, delivery of a Bearer Security shall occur only outside the United States. If the Holder of a Bearer Security is unable to produce any such unmatured coupon or coupons or matured coupon or coupons in default, such exchange may be effected if the Bearer

Securities are accompanied by payment in funds acceptable to the Company in an amount equal to the face amount of such missing coupon or coupons, or the surrender of such missing coupon or coupons may be waived by the Company if there be furnished to the Company and the Trustee such security or indemnity as the Company may require in its sole discretion to save the Company, the Trustee and any Paying Agent harmless. If thereafter the Holder of such Security shall surrender to any Paying Agent any such missing coupon in respect of which such a payment shall have been made, such Holder shall be entitled to receive the amount of such payment; provided, however, that, except as otherwise provided in Section 5.02, interest represented by coupons shall be payable only upon presentation and surrender of those coupons at an office or agency located outside the United States. Notwithstanding the foregoing, in case a Bearer Security of any series is surrendered at any such office or agency in exchange for a Registered Security of the same series after the close of business at such office or agency on (i) any Regular Record Date and before the opening of business at such office or agency on the relevant Interest Payment Date, or (ii) any Special Payment Date and before the opening of business at such office or agency on the related date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such Interest Payment Date or proposed date of payment, as the case may be.

If at any time the Depository for the Securities of a series notifies the Company that it is unwilling or unable to continue as Depository for the Securities of such series or if at any time the Depository for the Securities of such series shall no longer be eligible under Section 3.03, the Company shall appoint a successor Depository with respect to the Securities of such series. If a successor Depository for the Securities of such series is not appointed by the Company within 90 days after the Company receives such notice or becomes aware of such ineligibility, the Company's election pursuant to Section 3.01(13) shall no longer be effective with respect to the Securities of such series and the Company will execute, and the Trustee, upon receipt of a written order of the Company for the authentication and delivery of definitive Securities of such series, will authenticate and deliver as specified in such written order, Securities of such series in definitive form in an aggregate principal amount equal to the principal amount of the Global Security or Securities representing such series in exchange for such Global Security or Securities.

The Company may at any time and in its sole discretion determine that the Securities of any series issued in the form of one or more Global Securities shall no longer be represented by such Global Security or Securities. In such event the Company will execute, and the Trustee, upon receipt of a written order of the Company for the authentication and delivery of definitive Securities of such series, will authenticate and deliver as specified in such written order, Securities of such series in definitive form and in an aggregate principal amount equal to the principal amount of the Global Security or Securities representing such series in exchange for such Global Security or Securities.

If specified by the Company pursuant to Section 3.01 with respect to a series of Securities, the Depository for such series of Securities may surrender a Global Security for such series of Securities in exchange in whole or in part for Securities of such series in definitive form on such terms as are acceptable to the Company and such Depository. Thereupon, the Company shall execute, and the Trustee shall authenticate and deliver, without service charge,

(i) to each Person specified by such Depository a new Security or Securities of the same series, of any authorized denomination as requested by such Person in aggregate principal amount equal to and in exchange for such Person's beneficial interest in the Global Security; and

(ii) to such Depository a new Global Security in a denomination equal to the difference, if any, between the principal amount of the surrendered Global Security and the aggregate principal amount of Securities delivered to Holders thereof.

In any exchange provided for in any of the preceding three paragraphs, the Company will execute and the Trustee will authenticate and deliver Securities (a) in definitive registered form in authorized denominations, if the Securities of such series are issuable as Registered Securities, (b) in definitive bearer form in authorized denominations, with coupons attached, if the Securities of such series are issuable as Bearer Securities or (c) as either Registered or Bearer Securities, if the Securities of such series are issuable in either form; provided, however, that no definitive Bearer Security shall be delivered in exchange for a temporary Global Security unless the Company or its agent shall have received from the person entitled to receive the definitive Bearer Security a certificate substantially in the form set forth in Exhibit A hereto; and provided further delivery of a Bearer Security shall occur only outside the United States; and provided further that no definitive Bearer Security will be issued if the Company has reason to know that such certificate is false.

Upon the exchange of a Global Security for Securities in definitive form, such Global Security shall be cancelled by the Trustee. Registered Securities issued in exchange for a Global Security pursuant to this Section shall be registered in such names and in such authorized denominations as the Depository for such Global Security shall instruct the Trustee. The Trustee shall deliver such Registered Securities to the persons in whose names such Securities are so registered. The Trustee shall deliver Bearer Securities issued in exchange for a Global Security pursuant to this Section to the persons, and in such denominations, as the Depository for such Global Security shall instruct the Trustee; provided, however, that no definitive Bearer Security shall be delivered in exchange for a temporary Global Security unless the Company or its agent shall have received from the person entitled to receive the definitive Bearer Security a certificate substantially in the form set forth in Exhibit A hereto; and provided further delivery of a Bearer Security shall occur only outside the United States; and provided further that no definitive Bearer Security will be issued if the Company has reason to know that such certificate is false.

All Securities issued upon any registration of transfer or exchange of securities shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Securities surrendered upon such registration of transfer or exchange.

Every Registered Security presented or surrendered for registration of transfer or for exchange shall (if so required by the Company or the Trustee) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

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

The Company shall not be required (i) to issue, register the transfer of or exchange Securities of any particular series during a period beginning at the opening of business 15 days before the day of selection of Securities of such series to be redeemed under Section 4.02 and ending at the close of business on the day of the mailing of a notice of redemption of Securities of such series selected for redemption, or (ii) to register the transfer of or exchange any Registered Security so selected for redemption in whole or in part, except the unredeemed portion of any Registered Security being redeemed in part, or (iii) to exchange any Bearer Security so selected for redemption except that such a Bearer Security may be exchanged for a Registered Security of that series (if the Securities of such series are

issuable as Registered Securities), provided that such Registered Security shall be immediately surrendered for redemption with written instruction for payment consistent with the provisions of this Indenture.

SECTION 3.06. Mutilated, Destroyed, Lost and Stolen Securities. If any mutilated Security, or a Bearer Security with one or more mutilated coupons appertaining to it, is surrendered to the Trustee, the Company shall execute, and the Trustee shall authenticate and deliver in exchange therefor a new Security, with, if Bearer Securities, all coupons corresponding to the coupons surrendered with the surrendered Bearer Security (including mutilated coupons), if any, of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding.

If there shall be delivered to the Company and the Trustee (i) evidence to their satisfaction of the destruction, loss or theft of any Security or coupon and (ii) such security or indemnity as may be required by them to hold each of them and any agent of either of them harmless, then, in the absence of notice to the Company or the Trustee that such Security or coupon has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Security or in exchange for the Security to which a destroyed, lost or stolen coupon appertains (upon surrender to the Trustee of such Security with all appurtenant coupons not destroyed, lost or stolen), a new Security of the same series and of like tenor and principal amount and bearing a number not contemporaneously outstanding, with coupons corresponding to the coupons, if any, appertaining to such destroyed, lost or stolen Security or to the Security to which such destroyed, lost or stolen coupon appertains.

In case any such mutilated, destroyed, lost or stolen Security or coupon has become or is about to become due and payable, the Company in its discretion may, instead of issuing a new Security or coupon, pay such Security or coupon; provided, however, that principal of (and premium, if any) and any interest on Bearer Securities shall, except as otherwise provided in Section 5.02, be payable only at an office or agency located outside the United States and unless otherwise specified as contemplated by Section 3.01, any interest on Bearer Securities shall be payable only upon presentation and surrender of the coupons appertaining thereto.

Upon the issuance of any new Security or coupon under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Trustee) connected therewith.

Every new Security or coupon of any series issued pursuant to this Section in lieu of any destroyed, lost or stolen Security or coupon shall constitute an original additional contractual obligation of the Company, whether or not the destroyed, lost or stolen Security or coupon shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Securities or coupons of that series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Securities or coupons.

SECTION 3.07. Payment of Defaulted Interest; Interest Rights Preserved. Interest on any Registered Security which is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid to the Person in whose name that Registered Security (or one or more Predecessor Securities) is registered at the close of business on the Regular Record Date for such interest.

Any interest on any Registered Security of any series which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date, and such Defaulted Interest may be paid by the Company, at its election, as provided in either Clause (1) or (2) below:

(1) The Company may elect to make payment of any Defaulted Interest to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The Company shall notify the Trustee in writing as to the amount of Defaulted Interest proposed to be paid on each Registered Security of such series and the date of the proposed payment, and at the same time the Company shall deposit with the Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the Persons entitled to such Defaulted Interest as in this clause provided. Thereupon the Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 days and not less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee shall promptly notify the Company of such Special Record Date and, in the name and at the expense of the Company, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder of Registered Securities of such series at his address as it appears in the Security Register, not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been so mailed, such Defaulted Interest shall be paid to the Persons in whose names the Registered Securities of such series (or their respective Predecessor Securities) are registered at the close of business on such Special Record Date. In case a Bearer Security of any series is surrendered at the office or agency in a Place of Payment for such series in exchange for a Registered Security of such series after the close of business at such office or agency on any Special Record Date and before the opening of business at such office or agency on the related proposed date for payment of Defaulted Interest, such Bearer Security shall be surrendered without the coupon relating to such proposed date of payment and Defaulted Interest will not be payable on such proposed date of payment in respect of the Registered Security issued in exchange for such Bearer Security, but will be payable only to the Holder of such coupon when due in accordance with the provisions of this Indenture.

(2) The Company may make payment of any Defaulted Interest on the Registered Securities of any series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Registered Securities may be listed, and upon such notice as may be required by such exchange, if, after notice given by the Company to the Trustee of the proposed payment pursuant to this Clause, such manner of payment shall be deemed practicable by the Trustee.

Subject to the foregoing provisions of this Section, each Security delivered under this Indenture upon registration of transfer of or in exchange for or in lieu of any other Security shall carry the rights to interest accrued and unpaid, and to accrue, which were carried by such other Security.

SECTION 3.08. Persons Deemed Owners. The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Registered Security is registered as the owner of such Registered Security for the purpose of receiving payment of principal of, premium, if any, and (subject to Section 3.07) interest, if any, on such Registered Security and for all other purposes

whatsoever, whether or not such Registered Security be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

The Company, the Trustee and any agent of the Company or the Trustee may treat the bearer of any Bearer Security and the bearer of any coupon as the absolute owner of such Bearer Security or coupon for the purpose of receiving payment thereof or on account thereof and for all other purposes whatsoever, whether or not such Bearer Security or coupon be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

None of the Company, the Trustee, any Paying Agent or the Security Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

SECTION 3.09. Cancellation. All Securities surrendered for payment, redemption, registration of transfer or exchange or for credit against any payment in respect of a sinking fund or analogous obligation shall, if surrendered to any Person other than the Trustee, be delivered to the Trustee and shall be promptly cancelled by it. The Company may at any time deliver to the Trustee for cancellation any Securities previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Securities so delivered shall be promptly cancelled by the Trustee. No Securities shall be authenticated in lieu of or in exchange for any Securities cancelled as provided in this Section, except as expressly permitted by this Indenture. All cancelled Securities held by the Trustee shall be destroyed by the Trustee and the Trustee shall deliver to the Company a certificate of destruction in respect thereof.

SECTION 3.10. Computation of Interest. Except as otherwise specified as contemplated by Section 3.01 for Securities of any series, any interest on the Securities of each series shall be computed on the basis of a 360-day year of twelve 30-day months.

SECTION 3.11. Currency and Manner of Payments in Respect of Securities. The provisions of this Section shall apply to the Securities of any series unless otherwise provided as contemplated by Section 3.01.

(a) The following payment provisions shall apply to any Registered Security of any series denominated in Dollars, a Foreign Currency or any currency unit, including without limitation ECU, except as provided in paragraph (b) below:

(1) Except as provided in subparagraph (a) (2) or in paragraph (d) below, payment of principal of and premium, if any, on such Registered Security will be made at the Place of Payment by delivery of a check in the currency or currency unit in which the Security is denominated on the payment date against surrender of such Registered Security, and, at the option of the Company, any interest on any Registered Security will be paid at the Place of Payment by mailing a check in the currency or currency unit in which such interest is payable (which shall be the same as that in which the Registered Security is denominated unless otherwise provided) to the Holder entitled thereto at the address of such Holder appearing on the Security Register.

(2) Payment of the principal of, premium, if any, and interest, if any, on such Registered Security may also, subject to applicable laws and regulations, be made at

such other place or places by any appropriate method as may be designated by the Company.

(b) With respect to any Registered Security of any series denominated in any Foreign Currency or currency unit, including without limitation ECU, if the following provisions (or any substitute therefor, or addition thereto, not inconsistent with this Indenture) are established pursuant to Section 3.01 or a supplemental indenture hereto and if the Company has not, before the delivery of the election referred to in clause (1) below, deposited funds or securities in compliance with Section 12.01 or (if specified pursuant to Section 3.01) Section 12.02 or provided for the payment of the Securities pursuant to paragraph (a) above, the following payment provisions shall apply to any payment to be made prior to the giving of any notice to Holders of any election to redeem pursuant to Section 4.02, except as otherwise provided in paragraphs (e) and (f) below:

(1) A Holder of Registered Securities of a series shall have the option to elect to receive payments of principal of, premium, if any, and interest, if any, on such Registered Securities in a currency (including Dollars) or currency unit, other than that in which the Registered Security is denominated, as may be designated for such election in the certificates for such Registered Securities (or as provided pursuant to Section 3.01 or a supplemental indenture hereto). Such election shall be made by delivering to the Trustee a written election, in form and substance satisfactory to the Trustee, not later than the close of business in New York, New York, on the day 15 days prior to the applicable payment date, or, if such payment date is an Interest Payment Date, not later than the close of business in New York, New York, on the Regular Record Date for such Interest Payment Date. Such election will remain in effect for such Holder until changed by the Holder by written notice to the Trustee (but any such written notice must be received by the Trustee not later than the close of business on the day 15 days prior to the next payment date, or, if such payment date is an Interest Payment Date, the close of business on the Regular Record Date for such Interest Payment Date, to be effective for the payment to be made on such payment date and no such change may be made with respect to payments to be made on any Registered Security of such series with respect to which notice of redemption has been given by the Company pursuant to Article Four). Following delivery of such election to the Trustee and until such election is changed, payment of principal and premium, if any, will be made at the Place of Payment by delivery of a check in the currency or currency unit so elected on the payment date therefor against surrender of such Registered Security and payment of interest, if any, shall be made at the Place of Payment by mailing a check in the currency or currency unit so elected to the Holder entitled thereto at the address of such Holder appearing on the Security Register. Any Holder of any such Registered Security who shall not have delivered any election to the Trustee in accordance with this paragraph (b) will be paid the amount due on the applicable payment date in the Foreign Currency or currency unit in which the Registered Security is denominated or payable as provided in paragraph (a) of this Section 3.11.

(2) Payment of the principal of, premium, if any, and interest, if any, on such Registered Security may also, subject to applicable laws and regulations, be made at such other place or places as may be designated by the Company by any appropriate method.

(c) Payment of the principal of, premium, if any, and interest, if any, on any Bearer Security will be made, except as provided in Section 3.04 with respect to temporary Global Securities,

unless otherwise specified pursuant to Section 3.01, at such place or places outside the United States as may be designated by the Company pursuant to any applicable laws or regulations by any appropriate method in the currency or currencies or currency unit or units in which the Bearer Security is payable (except as provided in paragraph (e) below) on the payment date therefor against surrender of the Bearer Security, in the case of payment of principal and premium, if any, or the relevant coupon, in the case of payment of interest, if any, to a Paying Agent designated for such series pursuant to Section 5.02.

(d) If the election referred to in paragraph (b) above has been provided for pursuant to Section 3.01 and if at least one Holder has made such election, then, (i) not later than 10 days prior to each payment date, the Trustee shall deliver to the Company written notice specifying the respective aggregate amounts of principal of, premium, if any, and interest, if any, on the Securities to be paid on such payment date, and the currency or currency unit in which each of such respective aggregate amounts are to be paid, specifying the amounts so payable in respect of Registered Securities and Bearer Securities, and specifying the amounts so payable in respect of the Registered Securities denominated in each Foreign Currency or currency unit as to which the Holders shall have elected to be paid in another currency or currency unit as provided in paragraph (b) above, and (ii) not later than the seventh day prior to the applicable payment date the Company will deliver to the Trustee an Exchange Rate Officer's Certificate in respect of the Dollar or Foreign Currency or currency unit payments to be made on such payment date. The Dollar or Foreign Currency or currency unit amount receivable by Holders of the Securities denominated in a Foreign Currency or currency unit who have elected payment in another currency or currency unit as provided in paragraph (b) above shall be determined by the Company on the basis of the applicable Official Exchange Rate set forth in the applicable Exchange Rate Officer's Certificate.

(e) If a Foreign Currency in which any Security is denominated or payable ceases to be recognized both by the government of the country which issued such currency and for the settlement of transactions by public institutions of or within the international banking community, or, with respect to any Securities denominated or payable in ECU, if ECU ceases to be used both within the European Communities and for the settlement of transactions by public institutions of or within the European Communities, or if any other currency unit in which a Security is denominated or payable ceases to be used for the purposes for which it was established, in each case determined in good faith by the Company, then with respect to each date for the payment of principal of, premium, if any, and interest, if any, on the applicable Security denominated or payable in such Foreign Currency, ECU or such other currency unit occurring after the last date on which such Foreign Currency, ECU or such other currency unit was so used (the "Conversion Date"), the Dollar shall become the alternative currency of payment for use on each such payment date (unless a currency or currency unit other than the Dollar is specified as the alternative currency of payment for the purposes of this paragraph in the certificates for such Securities (or as provided pursuant to Section 3.01 or a supplemental indenture hereto)); provided, however, that the Foreign Currency or ECU or the currency unit previously the currency of payment shall, at the Company's election, resume being the currency of payment on the first such payment date preceded by 15 Business Days during which the circumstances which gave rise to the Dollar (or such other currency or currency unit as may be specified as the alternative currency of payment) becoming such alternative currency of payment no longer prevail, in each case as determined in good faith by the Company. The Dollar (or such other currency or currency unit as may be specified as the alternative currency of payment) amount to be paid by the Company to the Trustee and by the Trustee or any Paying Agent to the Holder of such Security with respect to such payment date shall be the Dollar Equivalent of the Foreign Currency or, in the case of a currency unit, the Dollar Equivalent of the Currency Unit, as determined by the Dollar Determination Agent (which shall deliver its determination of such amount to be paid by the Company in writing to the Trustee not later than the fifth Business Day prior to the applicable payment date) as of the Conversion Date or, if later, the date most recently preceding the payment date in question on which such

determination is possible of performance, but not more than 15 days before such payment date (such Conversion Date or date preceding a payment date as aforesaid being called the "Valuation Date") in the manner provided in paragraph (f) or (g) below.

(f) If the Holder of a Registered Security denominated in a Foreign Currency or a currency unit elects payment in another designated Foreign Currency or currency unit as provided for by paragraph (b) above and (i) if a Foreign Currency is so elected and ceases to be used both by the government of the country which issued such currency and for the settlement of transactions by public institutions of or within the international banking community, or (ii) if ECU is so elected and ceases to be used both within the European Communities and for the settlement of transactions by public institutions of or within the European Communities, or (iii) if any such other currency unit is so elected and ceases to be used for the purposes for which it was established, then, in each case as determined in good faith by the Company, such Holder shall (subject to paragraph (d) above) receive payment in the Foreign Currency or currency unit in which the Registered Security is denominated. Each payment covered by an election pursuant to paragraph (b) above shall be governed by the provisions of this paragraph (f); provided, however, subject to any contravening valid election pursuant to paragraph (b) above, the designated Foreign Currency in case (i) or ECU in case (ii) or any other designated currency unit in case (iii) shall, at the Company's election, resume being the currency or currency unit, as applicable, of payment with respect to Registered Securities as to which the Holders have so elected, but only with respect to payments on payment dates preceded by 15 Business Days during which the circumstances which gave rise to such Foreign Currency or currency unit in which the Registered Security is denominated again becoming the currency or currency unit, as applicable, of payment pursuant to this paragraph (f), no longer prevail, in each case as determined in good faith by the Company.

(g) The "Dollar Equivalent of the Foreign Currency" shall be determined by the Dollar Determination Agent as of each Valuation Date and shall be obtained by converting the specified Foreign Currency into Dollars (or such other currency or currency unit as may be specified as the alternative currency of payment for the purposes of paragraph (e) above) at the Market Exchange Rate on the Valuation Date.

(h) The "Dollar Equivalent of the Currency Unit" shall be determined by the Dollar Determination Agent as of each Valuation Date and shall be the sum obtained by adding together the results obtained by converting the Specified Amount of each Component Currency into Dollars (or such other currency or currency unit as may be specified as the alternative currency of payment for the purposes of paragraph (e) above) at the Market Exchange Rate on the Valuation Date for such Component Currency.

(i) For purposes of this Section 3.11 the following terms shall have the following meanings:

A "Component Currency" shall mean any currency which, on the Conversion Date, was a component currency of the relevant currency unit, including without limitation ECU.

A "Specified Amount" of a Component Currency shall mean the number of units or fractions thereof which such Component Currency represented in the relevant currency unit, including without limitation ECU, on the Conversion Date. If after the Conversion Date the official unit of any Component Currency is altered by way of combination or subdivision, the Specified Amount of such Component Currency shall be

divided or multiplied in the same proportion. If after the Conversion Date two or more Component Currencies are consolidated into a single currency, the respective Specified Amounts of such Component Currencies shall be replaced by an amount in such single currency equal to the sum of the respective Specified Amounts of such consolidated Component Currencies expressed in such single currency, and such amount shall thereafter be a Specified Amount and such single currency shall thereafter be a Component Currency. If after the Conversion Date any Component Currency shall be divided into two or more currencies, the Specified Amount of such Component Currency shall be replaced by specified amounts of such two or more currencies, the sum of which, at the Market Exchange Rate of such two or more currencies on the date of such replacement, shall be equal to the Specified Amount of such former Component Currency and such amounts shall thereafter be Specified Amounts and such currencies shall thereafter be Component Currencies.

"Market Exchange Rate" shall mean (unless a currency or currency unit other than the Dollar is specified as the alternative currency of payment for purposes of paragraph (d) above) for any currency the noon Dollar buying rate for that currency for cable transfers quoted in New York City on the Valuation Date as certified for customs purposes by the Federal Reserve Bank of New York. If such rates are not available for any reason with respect to one or more currencies for which an Exchange Rate is required, the Dollar Determination Agent shall use, in its sole discretion and without liability on its part, such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more major banks in New York City or in the country of issue of the currency in question, or such other quotations as the Dollar Determination Agent shall deem appropriate. Unless otherwise specified by the Dollar Determination Agent, if there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be that upon which a nonresident issuer of securities designated in such currency would, as determined in its sole discretion and without liability on the part of the Dollar Determination Agent, purchase such currency in order to make payments in respect of such securities. If a currency or currency unit other than the Dollar is specified as the alternative currency of payment for purposes of paragraph (d) above, the meaning of Market Exchange Rate shall be specified in the certificates for the Securities (or as provided pursuant to Section 3.01 or a supplemental indenture hereto).

All decisions and determinations of the Dollar Determination Agent regarding the Dollar Equivalent of, the Foreign Currency, the Dollar Equivalent of the Currency Unit and the Market Exchange Rate shall be in its sole discretion and shall in the absence of manifest error, be conclusive for all purposes and irrevocably binding upon the Company and all Holders of the Securities denominated or payable in the relevant currency or currency units. In the event that a Foreign Currency ceases to be used both by the government of the country which issued such currency and for the settlement of transactions by public institutions of or within the international banking community, the Company, after learning thereof, will immediately give notice thereof to the Trustee (and the Trustee will promptly thereafter give notice in the manner provided in Section 1.04 to the Holders) specifying the Conversion Date. In the event the ECU ceases to be used both within the European Communities and for the settlement of transactions by public institutions of or within the European Communities, or any other currency unit in which Securities are denominated or payable, ceases to be used for the purposes for which it was established, the Company, after learning thereof will immediately give notice thereof to the Trustee (and the Trustee will promptly thereafter give notice in the manner provided in Section 1.04 to the Holders) specifying the Conversion

Date and the Specified Amount of each Component Currency on the Conversion Date. In the event of any subsequent change in any Component Currency as set forth in the definition of Specified Amount above, the Company, after learning thereof, will similarly give notice to the Trustee. Any actions taken pursuant to the proviso at the end of the first sentence of Section 3.11 (e) and at the end of Section 3.11 (f) shall be promptly set forth in like notices from the Company to the Trustee and then from the Trustee to the Holders (which notice may be mailed with payment to the Holders).

Subject to the provisions of Section 7.01 and, except as otherwise provided in Section 315 of the Trust Indenture Act, the Trustee shall be fully justified and protected in relying and acting upon information received by it from the Company and the Dollar Determination Agent, and shall not otherwise have any duty or obligation to determine such information independently.

SECTION 3.12. Certification by a Person Entitled to Delivery of a Bearer Security. Whenever any provision of this Indenture or a Security contemplates that certification be given by a Person entitled to delivery of a Bearer Security, such certification shall be provided substantially in the form of Exhibit A hereto, with only such changes as shall be approved by the Company.

ARTICLE FOUR

REDEMPTION OF SECURITIES AND SINKING FUNDS

SECTION 4.01. Applicability of Right of Redemption. Redemption of Securities (other than pursuant to a sinking fund or analogous provision) permitted by the terms of any series of Securities shall be made in accordance with such terms and Sections 4.02, 4.03 and 4.04; provided, however, that if any such terms of a series of Securities shall conflict with any provisions of this Article, the terms of such series shall govern.

SECTION 4.02. Election to Redeem; Notice of Redemption; Partial Redemption. The election of the Company to redeem any Securities of any series shall be evidenced by or pursuant to an Officers' Certificate. In case the Company shall desire to exercise such right to redeem all, or, as the case may be, any part of the Securities of any series in accordance with the right reserved so to do, it shall give notice of such redemption to Holders to be redeemed as hereinafter in this Section provided.

Any notice of redemption to be given to the Holders of Securities to be redeemed as a whole or in part shall be given in the manner provided in Section 1.04 not less than 30 nor more than 60 days prior to the date fixed for redemption.

Each such notice of redemption shall specify the date fixed for redemption and the redemption price at which Securities are to be redeemed, shall state that the conditions precedent to such redemption, if any, have occurred and describe the same, and shall state that payment of the redemption price of the Securities to be redeemed, together with interest accrued thereon to the date fixed for redemption (except that if such redemption date is an Interest Payment Date such interest due on such date with respect to a particular Registered Security shall be payable to the Holder on the Regular Record Date for such Interest Payment Date), will be made at the office or agency to be maintained by the Company in accordance with Section 5.02 (or, if desired by the Company, at the principal office of the Trustee) upon presentation and surrender of such Securities and that from and after said date any interest thereon will cease to accrue. If less than all the Securities of a series are to be redeemed, the notice to each Holder of Securities to be redeemed shall identify such Holder's Securities to be redeemed as a whole or in part. In case any Security is to be redeemed in part only (which part shall be the minimum denomination determined pursuant to Section 3.01 or a multiple thereof), the notice which relates to such Securities shall state the portion of the principal amount to be redeemed, and that on and after the redemption date, upon surrender of such Security, a new Security or Securities of the same series in principal amount equal to the unredeemed portion thereof will be issued. No Security of a denomination of the minimum denomination determined pursuant to Section 3.01 principal amount may be redeemed in part.

To the extent that the Securities of any series have different terms, the Company shall designate the Securities to be redeemed if less than all of a series are to be redeemed ("Company Designation"). If less than all the Securities of a series having the same terms are to be redeemed, the Company shall give the Trustee, not less than 60 days (or such lesser number of days as the Trustee shall approve) prior to the date fixed by the Company for such redemption, written notice of the aggregate amount of the Securities to be redeemed, and thereupon the Trustee shall select, in such manner as in its sole discretion it shall deem appropriate and fair, the Securities of such series or portions thereof to be redeemed ("Trustee Selection"), and shall thereafter promptly notify the Company and any Paying Agent in writing of the Securities of such series or portions thereof to be redeemed. Except in the event of a

Company Designation or a Trustee Selection, notice of redemption published as contemplated by Section 1.04 need not identify particular Securities to be redeemed.

Any notice of redemption may be given by the Company pursuant to this Section or may be given, at the Company's direction, by the Trustee in the name and at the expense of the Company.

SECTION 4.03. Payment of Securities Called for Redemption. If notice of redemption shall have been given in the manner provided in Section 4.02, the Securities or portions of Securities specified in such notice shall become due and payable on the date and at the place stated in such notice at the applicable redemption price, together with interest accrued thereon, if any, to the date fixed for redemption, and on and after such date of redemption (unless the Company shall default in the payment of such Securities or portions thereof at the redemption price, together with interest accrued thereon, if any, to the date fixed for redemption) any interest on the Securities or portions of Securities so called for redemption shall cease to accrue and such Securities and portions of Securities shall be deemed not to be outstanding hereunder and shall not be entitled to any benefit under this Indenture except to receive payment of the redemption price, together with accrued interest thereon, if any, to the date fixed for redemption. On presentation and surrender of such Securities, on or after the redemption date at the Place of Payment specified in the notice of redemption, such Securities or specified portions thereof shall be paid and redeemed by the Company at the applicable redemption price, together with interest accrued thereon, if any, to the date fixed for redemption; provided, however, that installments of interest on Bearer Securities that mature on or prior to the redemption date shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 5.02) and, unless otherwise specified as

contemplated by Section 3.01, only upon presentation and surrender of coupons for such interest, and provided further that, unless otherwise specified as contemplated by Section 3.01, installments of interest that mature on Registered Securities on or prior to the redemption date shall be payable to the Holders of such Securities, or one or more Predecessor Securities, registered as such at the close of business on the relevant Regular Record Dates according to their terms and the provisions of Section 3.07.

If any Bearer Security surrendered for redemption shall not be accompanied by all appurtenant coupons maturing after the redemption date, such Security may be paid after deducting from the redemption price an amount equal to the face amount of all such missing coupons, or the surrender of such missing coupon or coupons may be waived by the Company and the Trustee if there be furnished to them such security or indemnity as they may require to save each of them and any Paying Agent harmless. If thereafter the Holder shall surrender to the Trustee or any Paying Agent any such missing coupon in respect of which a deduction shall have been made from the redemption price, such Holder shall be entitled to receive the amount so deducted; provided, however, that interest represented by coupons shall be payable only at an office or agency located outside the United States (except as otherwise provided in Section 5.02) and, unless otherwise specified as contemplated by Section 3.01, only upon presentation and surrender of those coupons.

If any Security called for redemption shall not be so paid upon surrender thereof for redemption, the principal and any premium shall, until paid, bear interest from the redemption date at the rate of interest or Yield to Maturity (in the case of an Original Issue Discount Security) borne by or applicable to such Security.

Upon presentation and surrender of any Security which is to be redeemed in part only, the Company shall execute and the Trustee shall authenticate and deliver to the Holder, at the expense of the Company, a new Security or Securities of the same series of authorized denominations in principal amount equal to the unredeemed portion of the Security so surrendered.

SECTION 4.04. Deposit of Funds for Redemption of Securities. Prior to the date fixed for redemption of any Securities as hereinbefore provided in this Article, the Company shall deposit in trust with the Trustee or with any Paying Agent, or if and to the extent that it shall be acting as its own Paying Agent, the Company shall set aside, segregate and hold in trust, funds sufficient to redeem the Securities or portions thereof to be redeemed on such date, at the applicable redemption price, together with interest accrued thereon, if any, to the date fixed for redemption.

SECTION 4.05. Applicability of Sinking Fund. Redemption of Securities permitted or required pursuant to a sinking fund for the retirement of Securities of a series by the terms of such series of Securities shall be made in accordance with such terms of such series of Securities and this Article; provided, however, that if any such terms of a series of Securities shall conflict with any provision of this Article, the terms of such series shall govern.

The minimum amount of any sinking fund payment provided for by the terms of Securities of any series is herein referred to as a "mandatory sinking fund payment", and any payment in excess of such minimum amount provided for by the terms of Securities of any series is herein referred to as an "optional sinking fund payment". If provided for by the terms of Securities of any series, the cash amount of any mandatory sinking fund payment may be subject to reduction as provided in Section 4.06.

SECTION 4.06. Satisfaction of Mandatory Sinking Fund Payments with Securities. Subject to Section 4.07, in lieu of making all or any part of any mandatory sinking fund payment with respect to any Securities of a series in cash, the Company may at its option (a) deliver to the Trustee Securities of that series theretofore purchased or otherwise acquired by the Company, or (b) receive credit for the principal amount of Securities of that series which have been previously delivered to the Trustee by the Company or redeemed either at the election of the Company pursuant to the terms of such Securities or through the application of permitted optional sinking fund payments pursuant to the terms of such Securities; provided that such Securities have not been previously so credited. Such Securities shall be received and credited for such purpose by the Trustee at the redemption price specified in such Securities for redemption through operation of the sinking fund and the amount of such mandatory sinking fund payment shall be reduced accordingly.

SECTION 4.07. Redemption of Securities for Sinking Funds. Not less than 60 days prior to each sinking fund payment date for any series of Securities, the Company will deliver to the Trustee a certificate signed by the Treasurer or an Assistant Treasurer of the Company specifying the amount of the next ensuing sinking fund payment for that series pursuant to the terms of that series, the portion thereof, if any, which is to be satisfied by payment of cash and the portion thereof, if any, which is to be satisfied through delivery and/or crediting of Securities of that series pursuant to Section 4.06 (which Securities will, if not previously delivered, accompany such certificate) and whether the Company intends to exercise its right to make a permitted optional sinking fund payment with respect to such series. Such certificate shall be irrevocable, and upon its delivery the Company shall be obligated to make the cash payment or payments therein referred to, if any, prior to such sinking fund payment date. In the case of the failure of the Company to deliver such certificate, the sinking fund payment due with respect to the next sinking fund payment date for that series of Securities shall be paid entirely in cash and shall be made in an amount sufficient to redeem the principal amount of such Securities subject to a mandatory sinking fund payment without the option to deliver or credit Securities as provided in Section 4.06 and without the right to make any optional sinking fund payment with respect to such series.

Any sinking fund payment or payments (mandatory or optional) made in cash, plus any unused balance of any preceding sinking fund payments made in cash, which shall equal or exceed

\$100,000 (or the equivalent in Foreign Currency or currency units in which Securities of the series are payable if applicable), or a lesser sum if the Company shall so request, with respect to the Securities of any particular series shall be applied by the Trustee, a Paying Agent or the Company, if it acts as its own Paying Agent, on the sinking fund payment date next following the date of such payment to the redemption of such Securities at the redemption price specified in such Securities for operation of the sinking fund together with accrued interest, if any, to the sinking fund payment date. Any sinking fund moneys not so applied or allocated to the redemption of Securities shall be added to the next cash sinking fund payment received by the Trustee or such Paying Agent or set aside and segregated by the Company for such series and, together with such payment, shall be applied in accordance with the provisions of this Section 4.07. Any and all sinking fund moneys with respect to the Securities of any particular series held by the Trustee, such Paying Agent or the Company on the last sinking fund payment date with respect to Securities of such series and not held for the payment or redemption of particular Securities shall be applied by the Trustee, such Paying Agent or the Company, together with other moneys, if necessary, to be deposited sufficient for the purpose, to the payment of principal of such Securities at maturity.

Not more than 60 days and not less than 30 days prior to each sinking fund payment date the Trustee shall select the Securities to be redeemed upon such sinking fund payment date in accordance with Section 4.02. The Company shall cause notice of the redemption thereof to be given not less than 30 nor more than 60 days prior to the sinking fund payment date in the manner provided in Section 4.02, except that the notice of redemption shall also state that the Securities of such series are being redeemed by operation of the sinking fund and the sinking fund payment date. Such notice having been duly given, the redemption of such Securities shall be made on the sinking fund payment date upon the terms and in the manner stated in Section 4.03.

Prior to each sinking fund payment date, the Company shall pay to the Trustee or to a Paying Agent in cash (or, if the Company is acting as its own Paying Agent, segregate and hold in trust as provided in Section 5.05 (b)) a sum equal to any interest accrued to the date fixed for redemption of Securities or portions thereof to be redeemed on such sinking fund payment date pursuant to this Section.

ARTICLE FIVE

PARTICULAR COVENANTS OF THE COMPANY1

The Company covenants that so long as any of the Securities shall remain outstanding:

SECTION 5.01. Payments of Principal, Premium, if any, and Interest, if any. The Company covenants and agrees for the benefit of each series of Securities that it will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest, if any, on each of the Securities of that series at the times and places and in the manner provided herein and in the Securities of that series.

SECTION 5.02. Office or Agency for Certain Purposes. The Company will maintain in each Place of Payment for any series of Securities an office or agency where Securities of such series (but, except as otherwise provided below, unless such Place of Payment is located outside the United States, not Bearer Securities) may be presented or surrendered for payment, where Securities of such series may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Securities of such series and this Indenture may be served. If Securities of a series are issuable as Bearer Securities, the Company will maintain, subject to any laws or regulations applicable thereto, an office or agency in a Place of Payment for such series that is located outside the United States where Securities of such series may be presented and surrendered for payment; provided, however, that such an office or agency shall be maintained, if the Securities of such series are then listed on The International Stock Exchange of the United Kingdom and the Republic of Ireland and such stock exchange shall so require, in London, and, if the Securities of such series are then listed on the Luxembourg Stock Exchange and such stock exchange shall so require, in Luxembourg and, if the Securities of such series are then listed on any other stock exchange outside the United States and such stock exchange shall so require, in any other required city, so long as the Securities of such series are listed on such exchanges. The Company will give prompt written notice to the Trustee of the location, and any change in the location of, any such office or agency.

No payment of principal of or premium or interest on Bearer Securities shall be made at any office or agency of the Company in the United States or by check mailed to any address in the United States or by transfer to an account maintained with a bank located in the United States; provided, however, payment of principal of and any premium and interest (including additional amounts payable in respect thereof) on any Bearer Security may be made in Dollars at the principal office of the Trustee in the Borough of Manhattan, The City of New York if (but only if) payment of the full amount of such principal, premium, interest or additional amounts at all offices outside the United States maintained for the purpose by the Company in accordance with this Indenture is illegal or effectively precluded by exchange controls or other similar restrictions.

The Company may also from time to time designate one or more other offices or agencies (in or outside The City of New York) where the Securities of one or more series may be presented or surrendered for any or all such purposes, and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in accordance with the requirements set forth above. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

SECTION 5.03. Maintenance of Corporate Existence and Payment of Taxes. The Company will preserve its corporate existence, but this covenant shall not require the Company to continue its corporate existence in the event of a consolidation or merger of the Company with or into any other corporation in accordance with the provision of Article Eleven hereof as a result of which the Company shall lose its corporate identity, or in the event of a sale or conveyance of the property of the Company as an entirety or substantially as an entirety in accordance with the provisions of said Article Eleven. The Company will duly and punctually pay and discharge, or cause to be paid and discharged, all taxes, assessments and governmental charges or levies imposed upon or assessed against the Company which are material to the Company; provided, however, that nothing herein contained shall require the Company to pay any such tax, assessment, charge or levy so long as the Company shall in good faith contest the validity or the amount of the same by appropriate legal proceedings and stay any execution thereof.

SECTION 5.04. Appointments to Fill Vacancies in Trustee's Office. The Company, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint, in the manner provided in Section 7.08, a Trustee, so that there shall at all times be a Trustee hereunder.

SECTION 5.05. Provisions as to Paying Agent. (a) If the Company shall appoint a Paying Agent other than the Trustee with respect to any series of Securities, it will cause such Paying Agent to execute and deliver to the Trustee an instrument in which such agent shall agree with the Trustee, subject to this Section, that it will, in addition to fulfilling the duties provided in Section 317 of the Trust Indenture Act, at any time during the continuance of any such default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

(a) If the Company shall act as its own Paying Agent with respect to any series of Securities, it will comply with Section 317 of the Trust Indenture Act.

(b) Whenever the Company shall have one or more Paying Agents for any series of Securities, it will, at or prior to 12:00 p.m. on each due date, except with respect to bonds issued outside the United States which it will, at or prior to 5:00 p.m. on the day prior to each due date, of the principal of, premium, if any, or interest, if any, on any Securities of that series, deposit with a Paying Agent a sum sufficient to pay the principal, premium, if any, or interest, if any, so becoming due, such sum to be held in trust for the benefit of the Holders of such securities, and (unless such Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

(c) Anything in this Section to the contrary notwithstanding, the Company may, at any time, for the purpose of obtaining a satisfaction and discharge with respect to one or more or all series of Securities hereunder, or for any other reason, pay or cause to be paid to the Trustee all sums held in trust for any such series by it, or by any Paying Agent hereunder, as required by this Section, such sums to be held by the Trustee upon the trusts herein contained.

(d) Anything in this Section to the contrary notwithstanding, the agreement to hold sums in trust as provided in this Section is subject to Sections 12.04 and 12.05.

SECTION 5.06. Annual Officers' Certificate to Trustee. The Company will deliver to the Trustee within 120 days of the end of each fiscal year of the Company (which as of the date hereof ends on December 31 of each year) an Officers' Certificate complying with Section 314 of the Trust Indenture Act.

SECTION 5.07. Reports to Be Furnished Holders. The Company will transmit or cause to be transmitted to the Holders, as soon as practicable after the mailing of such material to its stockholders, copies of all quarterly and annual financial reports distributed to its stockholders generally. Reports

pursuant to this Section shall be transmitted by mail to all Holders of Securities, as the names and addresses of such Holders appear upon the Security Register.

SECTION 5.08. Further Assurances. From time to time whenever reasonably demanded by the Trustee, the Company will make, execute and deliver or cause to be made, executed and delivered any and all such further and other instruments and assurances as may be reasonably necessary or proper to carry out the intention or facilitate the performance of the terms of this Indenture.

SECTION 5.09. Limitation on Liens. The Company will not create, assume or suffer to exist any Lien upon any Restricted Property to secure any debt of the Company, any Subsidiary or any other person, or permit any Subsidiary to do so, without making effective provision whereby the Securities then outstanding and having the benefit of this Section shall be secured by the Lien equally and ratably with such debt for so long as such debt shall be so secured, except that the foregoing shall not prevent the Company or any Subsidiary from creating, assuming or suffering to exist Liens of the following character:

- (1) with respect to any series of Securities, any Lien existing on the date of issuance of the first security in such series;
- (2) any Lien existing on property owned or leased by a corporation at the time it becomes a Subsidiary;
- (3) any Lien existing on property at the time of the acquisition thereof by the Company or a Subsidiary;
- (4) any Lien to secure any debt incurred prior to, at the time of, or within 12 months after the acquisition of Restricted Property for the purpose of financing all or any part of the purchase price thereof and any Lien to the extent that it secures debt which is in excess of such purchase price and for the payment of which recourse may be had only against such Restricted Property;
- (5) any Lien to secure any debt incurred prior to, at the time of, or within 12 months after the completion of the construction, alteration, repair or improvement of Restricted Property for the purpose of financing all or any part of the cost thereof and any Lien to the extent that it secures debt which is in excess of such cost and for the payment of which recourse may be had only against such Restricted Property;
- (6) any Lien securing debt of a Subsidiary owing to the Company or to another Subsidiary;
- (7) any Lien in favor of the United States or any State or territory thereof or any other country, or any agency, instrumentality or political subdivision of any of the foregoing, to secure partial, progress, advance or other payments or performance pursuant to the provisions of any contract or statute, or any Liens securing industrial development, pollution control, or similar revenue bonds;
- (8) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of any Lien referred to in clauses (1) through (7) above, so long as the principal amount of the debt secured thereby does not exceed the principal amount of debt so secured at the time of the extension, renewal or replacement (except that, where an additional principal amount of debt is incurred to provide funds for the completion of a specific project, the additional principal amount, and any related financing costs, may be secured by the Lien as well) and the Lien is limited to the same property subject to the Lien so extended, renewed or replaced (and improvements on the property); and

(9) any Lien not permitted by clauses (1) through (8) above securing debt which, together with the aggregate outstanding principal amount of all other debt of the Company and its Subsidiaries owning Restricted Property which would otherwise be subject to the foregoing restrictions and the aggregate Value of existing Sale and Leaseback Transactions which would be subject to the restrictions of this Section but for this clause (9), does not at any time exceed 15% of Consolidated Net Tangible Assets.

SECTION 5.10. Limitation on Sale and Leaseback.

The Company will not enter into any Sale and Leaseback Transaction, nor permit any Subsidiary owning Restricted Property to do so, unless either:

(1) the Company or such Subsidiary would be entitled to incur debt, in a principal amount at least equal to the Value of such Sale and Leaseback Transaction, which is secured by Liens on the property to be leased (without equally and ratably securing the outstanding Securities) because such Liens would be of such character that no violation of any of the provisions of Section 5.09 herein would result, or

(2) the Company during the six months immediately following the effective date of such Sale and Leaseback Transaction causes to be applied to (A) the acquisition of Restricted Property or (B) the voluntary retirement of Funded Debt (whether by redemption, defeasance, repurchase, or otherwise) an amount equal to the Value of such Sale and Leaseback Transaction.

ARTICLE SIX

REMEDIES OF THE TRUSTEE AND HOLDERS ON EVENT OF DEFAULT

SECTION 6.01. Events of Default Defined; Acceleration of Maturity; Waiver of Default. In case one or more of the following Events of Default shall have occurred and be continuing with respect to the Securities of any series (unless it is inapplicable to such series of Securities or it is specifically deleted in the supplemental indenture or Board Resolution under which such series of Securities is issued or has been modified in any such supplemental indenture), that is to say:

- (a) default in the payment of any installment of interest upon any Security, of such series as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or
- (b) default in the payment of the principal of or premium, if any, on any Security of such series as and when the same shall become due and payable either at maturity, upon redemption, by declaration or otherwise; or
- (c) failure on the part of the Company duly to observe or perform its obligations set forth in Article Eleven, and written notice thereof, requiring the Company to remedy the same and stating that such notice is a "Notice of Default" hereunder, shall have been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Securities of such series at the time outstanding; or
- (d) failure on the part of the Company duly to observe or perform any other of the covenants or agreements on the part of the Company contained in the Securities of such series or in this Indenture (other than a covenant or agreement which has been expressly included in the Securities or in this Indenture solely for the benefit of a series of Securities other than that series) for a period of 60 days after the date on which written notice of such failure, requiring the Company to remedy the same and stating that such notice is a "Notice of Default" hereunder, shall have been given to the Company by the Trustee, or to the Company and the Trustee by the Holders of at least 25% in aggregate principal amount of the Securities of such series at the time outstanding; or
- (e) if a decree or order for relief shall be entered by a court of competent jurisdiction in respect of the Company in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or of a major part of its property, or ordering the winding up or liquidation of the Company's affairs, and such decree or order shall remain unstayed and in effect for a period of 60 consecutive days; or
- (f) if the Company shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or the Company shall consent to the entry by order of a court of competent jurisdiction of a decree or order in respect of the Company in an involuntary case or proceeding under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or to the commencement of any bankruptcy or insolvency proceeding against the Company; or
- (g) if the Company shall make an assignment for the benefit of its creditors, or shall admit in writing its inability to pay its debts generally as they become due, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of a major part of its property; or
- (h) the occurrence of any other Event of Default with respect to Securities of such series as provided in a supplemental indenture applicable to such series of Securities pursuant to Section 10.01(d);

then and in each and every such case, unless the principal of the Securities of such series shall have already become due and payable, either the Trustee or the Holders of not less than 25% in aggregate principal amount of the Securities of such series then outstanding hereunder, by notice in writing to the Company (and to the Trustee if given by Holders), may declare the principal amount (or, if the Securities of that series are Original Issue Discount Securities, such portion of the principal amount as may be specified in the terms of that series) of all the Securities of such series to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in this Indenture or in the Securities of such series contained to the contrary notwithstanding. This provision, however, is subject to the condition that if, at any time after the principal of the Securities of such series shall have been so declared due and payable, and before any sale of property under any judgment or decree for the payment of the moneys due shall have been obtained or entered as hereinafter provided, the Company shall pay or shall deposit with the Trustee a sum sufficient to pay all matured installments of interest upon all the Securities of such series and the principal of and premium, if any, on any and all Securities of such series which shall have become due otherwise than by declaration (with interest on overdue installments of interest, to the extent legally enforceable under applicable law, and on such principal of and premium, if any, on each Security of such series at the rate borne by such Security to the date of such payment or deposit or Yield to Maturity (in the case of an Original Issue Discount Security)) and the expenses of the Trustee, and reasonable compensation to the Trustee, its agents, attorneys and counsel, and any and all defaults under this Indenture, other than the

nonpayment of principal on Securities of such series which shall have become due by declaration, shall have been remedied -- then, and in every such case, the Holders of a majority in aggregate principal amount of the Securities of such series then outstanding, by written notice to the Company and to the Trustee, may on behalf of the Holders of all of the Securities of such series waive all defaults and rescind and annul such declaration and its consequences; but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default, or shall impair any right consequent thereon.

In case the Trustee shall have proceeded to enforce any right under this Indenture for the Holders of Securities of any series and such proceedings shall have been discontinued or abandoned because of such rescission or annulment or for any other reason or shall have been determined adversely to the Trustee, then and in every such case the Company, the Trustee and the Holders of the Securities of such series shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Company, the Trustee and the Holders of the Securities of such series shall continue as though no such proceedings had been taken.

The Company and the Trustee may, to the extent provided in Section 10.01, enter into one or more indentures supplemental hereto with respect to any series of the Securities which may provide for additional, different or fewer Events of Default with respect to such series of Securities.

SECTION 6.02. Collection of Indebtedness by Trustee; Trustee May Prove Debt. The Company covenants that (1) in case default shall be made in the payment of any installment of interest on any of the Securities, as and when the same shall become due and payable, and such default shall have continued for a period of 30 days, or (2) in case default shall be made in the payment of the principal of or

premium, if any, on any of the Securities when and as the same shall have become due and payable, whether upon maturity of the Securities or upon redemption or upon declaration or otherwise -- then, upon demand of the Trustee, the Company will pay to the Trustee, for the benefit of the Holders of such Securities, the whole amount that then shall have become due and payable on such Securities for principal and premium, if any, and interest, if any, with interest upon the overdue principal and premium, if any, of each such Security and (to the extent legally enforceable under applicable law) upon any installments of interest, at the rate borne by such Security; and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection, including a reasonable compensation to the Trustee, its agents, attorneys and counsel, and any expenses or liabilities incurred by the Trustee hereunder other than through its negligence or bad faith.

All rights of action and of asserting claims under this Indenture, or under any of the Securities of any series, may be enforced by the Trustee without the possession of any of the Securities of such series, or the production thereof on any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the Holders of the Securities of such series. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Indenture to which the Trustee shall be a party), the Trustee shall be held to represent all the Holders of the Securities of a series, and it shall not be necessary to make any Holders of the Securities of such series parties to any such proceedings.

In case of an Event of Default hereunder with respect to Securities of a particular series, the Trustee may, but unless first requested so to do by the Holders of at least a majority in aggregate principal amount of the Securities of such series at the time outstanding and furnished with reasonable indemnity against all costs, expenses and liabilities shall not be under any obligation to, proceed to protect and enforce the rights vested in it by this Indenture by such appropriate judicial proceedings as the Trustee shall deem most effectual to protect and enforce any of such rights, either by suit in equity or by action at law or by proceedings in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Indenture or in aid of the exercise of any power granted in this Indenture, or to enforce any other legal or equitable right vested in the Trustee by this Indenture or by law. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of the Holder of any Security any plan of reorganization, arrangement, adjustment or composition affecting the Securities of any series or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of any Security in any such proceeding.

SECTION 6.03. Application of Proceeds. Any moneys collected by the Trustee with respect to a series of Securities pursuant to Section 6.02 shall be applied in the order following, at the date or dates fixed by the Trustee for the distribution of such moneys:

FIRST: To the payment of all costs and expenses in connection with the collection of such moneys, and all amounts payable to the Trustee under Section 7.05; and

SECOND: To the payment of the entire amounts then due and unpaid upon the Securities in respect of which or for the benefit of which such moneys shall have been collected, without any preference or priority, ratably according to the amounts due and payable upon such Securities upon presentation of the several Securities and notation of such payment thereon, if partly paid, and upon surrender thereof, if fully paid.

Any surplus then remaining shall be paid to the Company or to such other person as shall be entitled to receive it.

SECTION 6.04. Limitations on Suits by Holders. No Holder of any Security of any series shall have any right by virtue or by availing itself of any provision of this Indenture to institute any suit, action or proceeding in equity or at law upon or under or with respect to this Indenture or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such Holder previously shall have given to the Trustee written notice of default and of the continuance thereof with respect to the Securities of the series, and unless also the Holders of not less than 25% in aggregate principal amount of the Securities of that series then outstanding shall have made written request upon the Trustee to institute such action, suit or proceeding in its own name as Trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 60 days after its receipt of such notice, request and offer of indemnity, shall have failed to institute any such action, suit or proceeding and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 6.06; it being understood and intended, and being expressly covenanted by the Holder of every Security of such series with every other Holder of Securities of such series and the Trustee, that no one or more Holders of Securities of such series shall have any right in any manner whatever by virtue or by availing itself of any provision of this Indenture to affect, disturb or prejudice the rights of the Holders of any other of such Securities or to obtain priority over or preference to any other such Holder, or to enforce any right under this Indenture, except in the manner herein provided and for the equal, ratable and common benefit of all Holders of Securities of such series. For the protection and enforcement of this Section, each and every Holder and the Trustee shall be entitled to such relief as can be given either at law or in equity.

SECTION 6.05. Powers and Remedies Cumulative; Delay or Omission Not Waiver. All powers and remedies given by this Article to the Trustee or to the Holders of Securities of any series shall, to the extent permitted by law and subject to Section 6.04, be deemed cumulative and not exclusive of any thereof or of any other powers or remedies available to the Trustee or such Holders, by judicial proceedings or otherwise, to enforce the performance or observance of the covenants and agreements contained in this Indenture, and no delay or omission of the Trustee or of any Holder of the Securities of any series to exercise any right or power accruing upon any default occurring and continuing as aforesaid, shall impair any such right or power, or shall be construed to be a waiver of any such default or an acquiescence therein; and, subject to Section 6.04, every power and remedy given by this Article or by law to the Trustee or to such Holders may be exercised from time to time, and as often as shall be deemed expedient, by the Trustee or by such Holders.

SECTION 6.06. Control by Holders; Waiver of Default. The Holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee with respect to Securities of such series; provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture; and provided further, that nothing in this Indenture shall impair the right of the Trustee to take any action deemed proper by the Trustee and which is not inconsistent with such direction by such Holders. The Holders of at least a majority in aggregate principal amount of the Securities of any series at the time outstanding may on behalf of the Holders of all of the Securities of such series waive any past default hereunder with respect to the Securities of such series and its consequences, except a default in the payment of the principal of, premium, if any, or interest, if any, on any of the Securities of such series. In the case of any such waiver, the Company, the Trustee and the Holders of the Securities of such series shall be restored to their former positions and rights hereunder, respectively; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

ARTICLE SEVEN

CONCERNING THE TRUSTEE

SECTION 7.01. Certain Rights of Trustee. Except as otherwise provided in Section 315 of the Trust Indenture Act:

- (a) The Trustee may rely and shall be protected in acting, or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- (b) Any request, direction, order or demand of the Company mentioned herein shall be sufficiently evidenced by an instrument signed in the name of the Company by the Chairman of the Board, the President or any Vice President and the Secretary or an Assistant Secretary or the Treasurer or the Controller (unless other evidence in respect thereof be herein specifically prescribed); and any resolution of the Board of Directors may be evidenced to the Trustee by a copy thereof certified by the Secretary or an Assistant Secretary of the Company;
- (c) The Trustee may consult with counsel and the advice of counsel or any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon;
- (d) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders, pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby;
- (e) The Trustee shall not be liable for any action taken, suffered or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture;
- (f) Prior to the occurrence of an Event of Default with respect to any series of Securities hereunder and after the curing or waiving of all Events of Default with respect to such series of Securities the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, approval, appraisal, bond, debenture or other paper or document with respect to such series of Securities unless requested in writing so to do by the Holders of not less than a majority in aggregate principal amount of the Securities of such series then outstanding; provided, that, if the payment within a reasonable time to the Trustee of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Trustee, not reasonably assured to the Trustee by the security afforded to it by the terms of this Indenture, the Trustee may require reasonable indemnity against such expenses or liabilities as a condition to so proceeding. The reasonable expense of every such investigation shall be paid by the Company or, if paid by the Trustee, shall be repaid by the Company upon demand; and
- (g) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

SECTION 7.02. Trustee Not Responsible for Recitals, etc. The recitals contained herein and in the Securities, except the Trustee's certificate and the representation as to the power of the Trustee to enter into this Indenture and accept and execute the trusts hereby created, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for the correctness of the same. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Securities. The Trustee shall not be accountable for the use or application by the Company of any of the Securities or of the proceeds of such Securities.

SECTION 7.03. Trustee and Others May Hold Securities. The Trustee or any Paying Agent or Security Registrar or any other agent of the Company or the Trustee, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Company or any other obligor on the Securities with the same rights it would have if it were not Trustee, Paying Agent, Security Registrar or such other agent.

SECTION 7.04. Moneys Held by Trustee or Paying Agent. Subject to Sections 12.03 and 12.04, all moneys received by the Trustee or any Paying Agent, need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received by it hereunder except such as it may agree with the Company to pay thereon. So long as no Event of Default with respect to Securities of any series other than an Event of Default under subparagraph (d) of Section 6.01, shall have occurred and be continuing, all interest allowed on any such moneys shall be paid from time to time upon the written order of the Company, signed by the Chairman of the Board, the President or any

Vice President or its Treasurer or its Controller or its Secretary or an Assistant Secretary. The provisions of this Section 7.04 shall not apply to the Company acting as its own Paying Agent pursuant to subparagraph (b) of Section 5.05.

SECTION 7.05. Compensation of Trustee and Its Lien. The Company covenants and agrees to pay to the Trustee from time to time, and the Trustee shall be entitled to, reasonable compensation (which shall be agreed to from time to time by the Company and the Trustee and which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust), and, except as herein otherwise expressly provided, the Company will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in accordance with any of the provisions of this Indenture (including the reasonable compensation and the expenses and disbursements of its counsel and of all persons not regularly in its employ) except any such expense, disbursement or advance as may arise from its negligence or bad faith. If any property other than cash shall at any time be subject to the lien of this Indenture, the Trustee, if and to the extent authorized by a receivership or bankruptcy court of competent jurisdiction or by the supplemental instrument subjecting such property to such lien, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other prior liens or encumbrances thereon. The Company also covenants and agrees to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on the part of the Trustee, arising out of or in connection with the acceptance or administration of the trust or trusts hereunder, including liability which the Trustee may incur as a result of failure to withhold, pay or report taxes and including the costs and expenses of defending itself against any claim or liability in the premises. The obligations of the Company under this Section shall constitute additional indebtedness hereunder. Such additional indebtedness shall be secured by a lien prior to that of the Securities upon all property and funds held or collected by the Trustee as such, except funds held in trust for the benefit of the Holders of particular Securities.

SECTION 7.06. Right of Trustee to Rely on Certificate of Certain Officers. Except as otherwise provided in Section 315 of the Trust Indenture Act, whenever in the administration of the provisions of this Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by an Officers' Certificate delivered to the Trustee and such certificate, in the absence of negligence or bad faith on the part of the Trustee, shall be full warrant to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

SECTION 7.07. Persons Eligible for Appointment As Trustee. The Trustee hereunder shall at all times be a corporation which complies with the requirements of the Trust Indenture Act, having a combined capital and surplus of at least \$5,000,000. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 7.08.

SECTION 7.08. Resignation and Removal of Trustee; Appointment of Successor.

(a) The Trustee, or any trustee or trustees hereafter appointed, may at any time resign with respect to any one or more or all series of Securities by giving written notice to the Company and by giving notice of such resignation to the Holders of Securities in the manner provided in Section 1.04. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee or trustees with respect to the applicable series by written instrument executed by order of the Board of Directors, one copy of which instrument shall be delivered to the resigning trustee and one copy to the successor trustee. If no successor trustee shall have been so appointed with respect to a particular series and have accepted appointment within 30 days after the mailing of such notice of resignation, the resigning trustee may petition any court of competent jurisdiction for the appointment of a successor trustee, or any Holder who has been a bona fide Holder of a Security or Securities of the applicable series for at least 6 months may, on behalf of himself and all others similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) in case at any time any of the following shall occur:

- (1) the Trustee shall cease to be eligible under Section 7.07 and shall fail to resign after written request therefor by the Company or by any such Holder, or
- (2) the Trustee shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation;

then, in any such case, the Company may remove the Trustee with respect to the applicable series of Securities, and appoint a successor trustee by written instrument, in duplicate, executed by order of the Board of Directors of the Company, one copy of which instrument shall be delivered to the trustee so removed and one copy to the successor trustee, or any Holder who has been a bona fide Holder of a Security or Securities of any such series for at least 6 months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of the Trustee and the

appointment of a successor trustee with respect to such series. Such court may thereupon after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee with respect to such series.

(c) The Holders of a majority in aggregate principal amount of the Securities of any series at the time outstanding may at any time remove the Trustee with respect to that series and appoint with respect to such series a successor trustee by delivering to the trustee so removed, to the successor trustee so appointed and to the Company, the evidence provided for in Section 8.01 of the action taken by the Holders.

(d) Any resignation or removal of the Trustee and any appointment of a successor trustee pursuant to this Section shall become effective only upon acceptance of appointment by the successor trustee as provided in Section 7.09.

SECTION 7.09. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed under Section 7.08 shall execute, acknowledge and deliver to the Company and to its predecessor trustee with respect to any or all applicable series an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations with respect to such series of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Company or of the successor trustee, the Trustee ceasing to act shall, upon payment of any such amounts then due it pursuant to the provisions of Section 7.05, execute and deliver an instrument transferring to such successor trustee all the rights, powers and trusts with respect to such series of the Trustee so ceasing to act. Upon request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any Trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such Trustee to secure any amounts then due it pursuant to Section 7.05.

In the case of the appointment hereunder of a successor trustee with respect to the Securities of one or more (but not all) series, the Company, the predecessor trustee and each successor trustee with respect to the Securities of any applicable series shall execute and deliver an indenture supplemental hereto which shall contain such provisions as shall be deemed necessary or desirable to confirm that all the rights, powers, trusts and duties of the predecessor trustee with respect to the Securities of any series as to which the predecessor trustee is not retiring shall continue to be vested in the predecessor trustee, and shall add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, it being understood that nothing herein or in such supplemental indenture shall constitute such trustees co-trustees of the same trust and that each such trustee shall be trustee of a trust or trusts hereunder separate and apart from any trust or trusts hereunder administered by any other such trustee.

No successor trustee with respect to any series of Securities shall accept appointment as provided in this Section unless at the time of such acceptance such successor trustee shall with respect to such series be eligible under Section 7.07.

Upon acceptance of appointment by a successor trustee with respect to the Securities of any series, the Company shall give notice of the succession of such trustee hereunder to the Holders of Securities in the manner provided in Section 1.04. If the Company fails to give such notice within 10

days after acceptance of appointment by the successor trustee, the successor trustee shall cause such notice to be given at the expense of the Company.

SECTION 7.10. Merger, Conversion or Consolidation of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such successor trustee shall be eligible under the provisions of Section 7.07 hereof and Section 310(a) of the Trust Indenture Act.

SECTION 7.11. Judgment Currency. If for the purpose of obtaining a judgment in any court with respect to any obligation of the Company hereunder or under any Security, it shall become necessary to convert into any other currency or currency unit any amount in the currency or currency unit due hereunder or under such Security, then such conversion shall be made at the Conversion Rate (as defined below) as in effect on the date the Company shall make payment to any person in satisfaction of such judgment. If pursuant to any such judgment, conversion shall be made on a date other than the date payment is made and there shall occur a change between such Conversion Rate and the Conversion Rate as in effect on the date of payment, the Company agrees to pay such additional amounts, if any, as may be necessary to ensure that the amount paid is the amount in such other currency or currency unit which, when converted at the Conversion Rate as in effect on the date of payment or distribution, is the amount then due hereunder or under such Security. Any amount due from the Company under this Section 7.11 shall be due as a separate debt and is not to be affected by or merged into any judgment being obtained for any other sums due hereunder or in respect of any Security so that in any event the Company's obligations hereunder or under such Security will be effectively maintained as obligations in such currency or currency unit. In no event, however, shall the Company be required to pay more in the currency or currency unit than the amount stated to be due hereunder or under such Security.

For purposes of this Section 7.11, "Conversion Rate" shall mean the spot rate at which in accordance with normal banking procedures the currency or currency unit into which an amount due hereunder or under such Security is to be converted could be purchased with the currency or currency unit due hereunder or under such Security from major banks located in New York, London or any other principal market for such purchased currency or currency unit.

SECTION 7.12. Authenticating Agents. There may be an Authenticating Agent or Authenticating Agents with respect to one or more series of Securities appointed by the Trustee from time to time with power to act on its behalf and subject to its direction in connection with the authentication and delivery of Securities of such series issued upon exchange, transfer or redemption thereof as fully to all intents and purposes as though such Authenticating Agent had been expressly authorized to authenticate and deliver Securities, and Securities so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as though authenticated by the Trustee hereunder. For all purposes of this Indenture (except in the case of original issuance of Securities and the issuance of Securities in replacement of lost, stolen, mutilated or destroyed Securities), the authentication and delivery of Securities by an Authenticating Agent appointed pursuant to the provisions of this Section shall be deemed to be the authentication and delivery of such Securities "by the Trustee," and whenever this Indenture provides (except in the case of original issuance of the Securities and the issuance of Securities in replacement of lost, stolen, mutilated or destroyed Securities) that "the Trustee shall authenticate and deliver" Securities, such authentication and delivery by any Authenticating Agent shall be deemed to be authentication and delivery by the Trustee. Any such Authenticating Agent shall at all

times be a corporation organized and doing business under the laws of the United States of America or any State or the District of Columbia, with a combined capital and surplus of at least \$10,000,000 and authorized under such laws to act as an authenticating agent, duly registered to act as such, if and to the extent required by applicable law and subject to supervision or examination by Federal, State or District of Columbia authority. If such corporation publishes reports of its condition at least annually, pursuant to law or the requirements of such authority, then for the purposes of this Section 7.12 the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible to act as such in accordance with the provisions of this Section 7.12, it shall resign immediately in the manner and with the effect herein specified in this Section 7.12.

Any corporation into which any Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which any Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency business of any Authenticating Agent, shall be the successor of the Authenticating Agent hereunder, if such successor corporation is otherwise eligible to act as such in accordance with the provisions of this Section 7.12, without the execution or filing of any paper or any further act on the part of the Trustee or the Authenticating Agent or such successor corporation.

Any Authenticating Agent may at any time resign by giving written notice of resignation to the Trustee and to the Company. The Trustee may at any time terminate the agency of any Authenticating Agent by giving written notice of termination to such Authenticating Agent and to the Company. Upon receiving such a notice or resignation or upon a termination, or in case at any time any Authenticating Agent shall cease to be eligible to act as such in accordance with the provisions of this Section 7.12, the Trustee may appoint a successor authenticating agent. Upon the appointment, at any time after the original issuance of any of the Securities, of any successor, additional or new authenticating agent, the Trustee shall give written notice of such appointment to the Company and shall at the expense of the Company give notice of such appointment to all Holders of Securities of the series with respect to which such Authenticating Agent will serve in the manner provided in Section 1.04. Any successor authenticating agent upon acceptance of its appointment pursuant to the provisions of this Section shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if initially named as an Authenticating Agent herein. No successor authenticating agent shall be appointed unless eligible to act as such in accordance with the provisions of this Section 7.12.

Any Authenticating Agent by the acceptance of its appointment shall be deemed to have represented to the Trustee that it is eligible for appointment as Authenticating Agent under this Section and to have agreed with the Trustee that: it will perform and carry out the duties of an Authenticating Agent as herein set forth, including, among other things, the duties to authenticate and deliver Securities when presented to it in connection with exchanges, registrations of transfer or redemptions thereof; it will keep and maintain, and furnish to the Trustee from time to time as requested by the Trustee, appropriate records of all transactions carried out by it as Authenticating Agent and will furnish the Trustee such other information and reports as the Trustee may reasonably require; and it will notify the Trustee promptly if it shall cease to be eligible to act as Authenticating Agent in accordance with the provisions of this Section 7.12. Any Authenticating Agent by the acceptance of its appointment shall be deemed to have agreed with the Trustee to indemnify the Trustee against any loss, liability or expense incurred by the Trustee and to defend any claim asserted against the Trustee by reason of any acts or failures to act of such Authenticating Agent, but such Authenticating Agent shall have no liability for any action taken by it in accordance with the specific written direction of the Trustee.

The Trustee agrees to pay to each Authenticating Agent from time to time reasonable compensation and expenses for its services (to the extent such compensation is not paid by the Company), and the Trustee shall be entitled to be reimbursed for such payments subject to the provisions of Section 7.05.

The provisions of Sections 7.02, 7.03 and 7.06 shall inure to the benefit of each Authenticating Agent to the same extent that they inure to the benefit of the Trustee.

If an appointment with respect to one or more series is made pursuant to this Section, the Securities of such series may have endorsed thereon, in addition to the Trustee's certificate of authentication, an alternate certificate of authentication in substantially the following form:

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

As Trustee

By

As Authenticating Agent

By

Authorized Signatory

ARTICLE EIGHT

CONCERNING THE HOLDERS

SECTION 8.01. Evidence of Action Taken by Holders. Whenever in this Indenture it is provided that the Holders of a specified percentage or a majority in aggregate principal amount of the Securities or of any series of Securities may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action) the fact that at the time of taking any such action the Holders of such specified percentage or majority have joined therein may be evidenced (a) by any instrument or any number of instruments or similar tenor executed by Holders in person or by agent or proxy appointed in writing, or (b) by the record of the Holders of Securities voting in favor thereof at any meeting of Holders duly called and held in accordance with the provisions of Article Nine, or (c) by a combination of such instrument or instruments and any such record of such a meeting of Holders.

SECTION 8.02. Proof of Execution of Instruments and of Holding of Securities. Subject to the provisions of Sections 7.01, 9.05 and Section 315 of the Trust Indenture Act, proof of the execution of any instrument by a Holder or his agent or proxy and proof of the holding by any person of any of the Securities shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in any State within the United States, that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership, such certificate or affidavit shall also constitute sufficient proof of his authority. The fact and date of the execution of any such instrument may also be proved in any other manner which the Trustee may deem sufficient.

The ownership of Registered Securities may be proved by the Security Register or by a certificate of the Security Registrar.

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

The fact and date of execution of any such instrument or writing, the authority of the Person executing the same and the principal amount and serial numbers of Bearer Securities held by the Person so executing such instrument or writing and the date of holding the same may also be proved in

any other manner which the Trustee deems sufficient; and the Trustee may in any instance require further proof with respect to any of the matters referred to in this Section 8.02.

If the Company shall solicit from the Holders of Securities of any series any request, demand, authorization, direction, notice, consent, waiver or other act, the Company may, at its option, by Board Resolution, fix in advance a record date for the determination of Holders of Registered Securities entitled to give such request, demand, authorization, direction, notice, consent, waiver or other act, but the Company shall have no obligation to do so. Any such record date shall be fixed at the Company's discretion. If such a record date is fixed, such request, demand, authorization, direction, notice, consent and waiver or other act may be sought or given before or after the record date, but only the Holders of Registered Securities of record at the close of business on such record date shall be deemed to be the Holders of Registered Securities for the purpose of determining whether Holders of the requisite proportion of Securities of such series Outstanding have authorized or agreed or consented to such request, demand, authorization, direction, notice, consent, waiver or other act, and for that purpose the Registered Securities of such series Outstanding shall be computed as of such record date.

Whenever any act is to be taken hereunder by the Holders of two or more series of Securities denominated in different currencies or currency units, then, for the purpose of determining the principal amount of Securities held by such Holders, the aggregate principal amount of the Securities denominated in a Foreign Currency (or any currency units) shall be deemed to be that amount of Dollars that could be obtained for such principal amount on the basis of the spot rate of exchange for such Foreign Currency or such currency unit as determined by the Company or by an authorized Exchange Rate Agent and evidenced to the Trustee by an Officers' Certificate as of the date the taking of such act by the Holders of the requisite percentage in principal

amount of the Securities is evidenced to the Trustee. An Exchange Rate Agent may be appointed in advance or from time to time by the Company. Any such determination by the Company or by any such Exchange Rate Agent shall be conclusive and binding on all Holders, the Company and the Trustee, and neither the Company nor any such Exchange Rate Agent shall be liable therefor in the absence of bad faith.

The Trustee may require such additional proof, if any, of any matter referred to in this Section 8.02 as it shall deem necessary.

The record of any Holders meeting shall be proved as provided in Section 9.06.

SECTION 8.03. Securities Owned by Company Deemed Not Outstanding. In determining whether the Holders of the requisite aggregate principal amount of Securities have concurred in any request, demand, authorization, direction, notice, consent and waiver or other act under this Indenture, Securities which are owned by the Company or any other obligor on the Securities or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any other obligor on the Securities shall be disregarded and deemed not to be outstanding for the purpose of any such determination except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver, only Securities which the Trustee knows are so owned as conclusively evidenced by the Security Register shall be so disregarded. The Company shall furnish the Trustee, upon its reasonable request, with a list of such other obligors and persons so controlling, controlled by or under common control with the Company or such other obligors. Securities so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section, if the pledgee shall establish to the satisfaction of the Trustee that the pledgee has the right to vote such Securities and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any such other obligor.

Subject to the provisions of Section 315 of the Trust Indenture Act, in case of a dispute as to such right, any decision by the Trustee, taken upon the advice of counsel, shall be full protection to the Trustee.

SECTION 8.04. Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the Holders of the percentage in aggregate principal amount of the Securities or of any series of Securities specified in this Indenture in connection with such action, any Holder of a Security the serial number of which is shown by the evidence to be included in the Securities the Holders of which have consented to such action may, by filing written notice with the Trustee at its principal office and upon proof of holding as provided in Section 8.02, revoke such action so far as concerns such Security. Except as aforesaid, any such action taken by the Holder of any Security shall be conclusive and binding upon such Holder and upon all future holders and owners of such Security, and of any Security issued in exchange therefor or in place thereof, irrespective of whether or not any notation in regard thereto is made upon such Security or any Security issued in exchange therefor or in place thereof. Any action taken by the Holders of the percentage in aggregate principal amount of the Securities specified in this Indenture in connection with such action shall be conclusively binding upon the Company, the Trustee and the Holders of all the Securities.

ARTICLE NINE

HOLDERS' MEETINGS

SECTION 9.01. Purposes for Which Holders Meetings May Be Called. A meeting of Holders may be called at any time and from time to time pursuant to this Article Nine for any of the following purposes:

- (a) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to waive or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Holders pursuant to Article Six;
- (b) to remove the Trustee and appoint a successor trustee pursuant to Article Seven;
- (c) to consent to the execution of an indenture or indentures supplemental hereto pursuant to Section 10.02; or
- (d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Securities under any other provision of this Indenture or under applicable law.

SECTION 9.02. Call of Meetings by Trustee. The Trustee may at any time call a meeting of Holders of any series to be held at such time and at such place in the Borough of Manhattan, The City of New York, as the Trustee shall determine. Notice of every meeting of Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be given by the Trustee, in the manner provided in Section 1.04, not less than 20 nor more than 180 days prior to the date fixed for the meeting, to the Holders of Securities of such series.

SECTION 9.03. Company and Holders May Call Meeting. In case the Company, pursuant to a resolution of its Board of Directors, or the Holders of at least 10% in aggregate principal amount of the Securities of any series then outstanding, shall have requested the Trustee to call a meeting of Holders of such series, by written request setting forth in general terms the action proposed to be taken at the meeting, and the Trustee shall not have made the mailing of the notice of such meeting within 20 days after receipt of such request, then the Company or the Holders of such Securities in the amount above specified may determine the time and the place in the Borough of Manhattan, The City of New York, for such meeting and may call such meeting to take any action authorized in Section 9.01, by giving notice thereof as provided in Section 9.02.

SECTION 9.04. Persons Entitled to Vote at Meeting. To be entitled to vote at any meeting of Holders a person shall be (a) Holder of one or more Securities with respect to which such meeting is being held or (b) a person appointed by an instrument in writing as proxy for the Holder or Holders of such Securities by a Holder of one or more such Securities. The only persons who shall be entitled to be present or to speak at any meeting of Holders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Company and its counsel.

SECTION 9.05. Determination of Voting Rights; Conduct and Adjournment of Meeting. Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders, in regard to proof of the holding of Securities and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit. Such regulations may provide that written instruments appointing proxies, regular on their face, may be presumed valid and genuine without the proof specified in Section 8.02 or other proof. Except as otherwise permitted or required by any such regulations, the holding of Securities shall be proved in the manner specified in Section 8.02 and the appointment of any proxy shall be proved in the manner specified in said Section 8.02 or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker, trust company or firm satisfactory to the Trustee.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Holders as provided in Section 9.03, in which case the Company or the Holders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority in principal amount of the Securities represented at the meeting and entitled to vote.

Subject to the provisions of Section 8.03, at any meeting each Holder of a series or proxy shall be entitled to one vote for each \$1 principal amount, or the equivalent thereof in any currency or currency unit in which such Securities are denominated (in the case of Original Issue Discount Securities, such principal amount to be determined as provided in the definition of Outstanding) of Securities of such series held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Security challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Securities of such series held by him or instruments in writing as aforesaid duly designating him as the person to vote on behalf of other Holders of such series. Any

meeting of Holders duly called pursuant to Section 9.02 or 9.03 may be adjourned from time to time, and the meeting may be held as so adjourned without further notice.

At any meeting, the presence of persons holding or representing Securities with respect to which such meeting is being held in an aggregate principal amount sufficient to take action upon the business for the transaction of which such meeting was called shall be necessary to constitute a quorum; but, if less than a quorum be present, the persons holding or representing a majority of the Securities represented at the meeting may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present.

SECTION 9.06. Counting Votes and Recording Action of Meeting. The vote upon any resolution submitted to any meeting of Holders of a series shall be by written ballots on which shall be subscribed the signatures of the Holders of Securities of such series or of their representatives by proxy and the serial numbers and principal amounts of the Securities of such series held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Holders shall be prepared by the secretary of the meeting and there shall be attached to said record the original reports of the inspectors of votes on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was given as provided in Section 9.02. The record shall show the serial numbers of the Securities voting in favor of or against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and

one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

ARTICLE TEN

SUPPLEMENTAL INDENTURES

SECTION 10.01. Supplemental Indentures Without Consent of Holders. The Company, when authorized by a Board Resolution, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as it shall be in force at the date of execution of such indenture or indentures) for one or more of the following purposes:

(a) to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Securities any property or assets which the Company may desire;

(b) to evidence the succession of another corporation to the Company, or successive successions, and the assumption by the successor corporation of the covenants, agreements and obligations of the Company pursuant to Article Eleven;

(c) to add to the covenants and agreements of the Company such further covenants, agreements, restrictions or conditions for the protection of the Holders of the Securities of all or any series as its Board of Directors and the Trustee shall consider to be for the protection of the Holders of Securities of such series (and if such covenants, agreements, restrictions or conditions are to be for the benefit of less than all series of Securities, specifying the series to which such covenants, agreements, restrictions or conditions are applicable), and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, agreements, restrictions or conditions a default or an Event of Default permitting the enforcement of all or any of the several remedies provided in this Indenture as herein set forth; provided, however, that in respect of any such additional covenant, agreement, restriction or condition such supplemental indenture may provide for a particular period of grace after default (which period may be shorter or longer than that allowed in the case of other defaults) or may provide for an immediate enforcement upon such default or may limit the remedies available to the Trustee upon such default or may limit the right of the Holders of a majority in aggregate principal amount of the Securities of a particular series to waive such default;

(d) to add, delete or modify any Events of Default with respect to all or any series of the Securities, the form and terms of which are being established pursuant to such supplemental indenture as permitted in Section 2.01, 3.01 and 3.03 (and, if any such Event of Default is applicable to fewer than all such series of the Securities, specifying the series to which such Event of Default is applicable), and to specify the rights and remedies of the Trustee and the Holders of such Securities in connection therewith;

(e) to prohibit the authentication and delivery of additional series of Securities, to cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indenture which may be defective or inconsistent with any other provisions contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture as shall not be inconsistent with the provisions of this Indenture or any supplemental indenture and shall not adversely affect the interests of the holders of the Securities;

(f) to establish the form and terms of the Securities of any series as permitted in Sections 2.01, 3.01 and 3.03, or to authorize the issuance of additional Securities of a series previously authorized or to add to the conditions, limitations or restrictions on the authorized amount, terms or

purposes of issue, authentication or delivery of the Securities of any series, as herein set forth, or other conditions, limitations or restrictions thereafter to be observed; and

(g) to evidence and provide for the acceptance of appointment hereunder by a successor trustee with respect to the Securities of one or more series or to add to or change any of the provisions of this Indenture as shall be necessary to provide for or facilitate the administration of the trusts hereunder by more than one trustee, pursuant to the requirements of Section 7.09.

The Trustee is hereby authorized to join with the Company in the execution of any such supplemental indenture, to make any further appropriate agreements and stipulations which may be therein contained and to accept the conveyance, transfer, assignment, mortgage, or pledge of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise. In addition, the Trustee shall not be obligated to enter into any supplemental indenture which provides for the issuance of Securities of any series denominated in a Foreign Currency or currency unit, if the Trustee determines in its reasonable discretion that it would not be able to properly fulfill its obligations hereunder and thereunder in respect of such Securities or to do so would be unduly burdensome to the Trustee.

Any supplemental indenture authorized by the provisions of this Section shall be executed by the Company and the Trustee and shall not require the consent of the Holders of any of the Securities at the time outstanding, notwithstanding Section 10.02.

SECTION 10.02. Supplemental Indentures With Consent of Holders. With the consent (evidenced as provided in Section 8.01) of the Holders of not less than a majority of the aggregate principal amount of the Securities of any series at the time outstanding, the Company, when authorized by a resolution of its Board of Directors, and the Trustee may from time to time and at any time enter into an indenture or indentures supplemental hereto (which shall conform to the provisions of the Trust Indenture Act as it shall be in force at the date of execution of such supplemental indenture or indentures) for the purpose, with respect to Securities of such series, of adding any provisions to or changing in any manner or eliminating any of the provisions of this Indenture or of any supplemental indenture with respect to Securities of such series or of modifying in any manner the rights of the Holders of the Securities of such series; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity, or the earlier optional date of maturity, if any, of any Security, or reduce the principal amount thereof or the premium thereon, if any, or reduce the rate or extend the time of payment of interest, if any, thereon or make the principal thereof or premium, if any, or interest, if any, thereon payable in any currency other than as provided pursuant to this Indenture or such Security, without the consent of the Holder of each Security so affected, or (ii) reduce the aforesaid percentage of Securities of any series, the Holders of which are required to consent to any such supplemental indenture, without the consent of the Holders of all Securities of such series then outstanding.

Upon the request of the Company, accompanied by a copy of a Board Resolution authorizing the execution of any such supplemental indenture, and upon the filing with the Trustee of evidence of the consent of the Holders as aforesaid, the Trustee shall join with the Company in the execution of such supplemental indenture unless such supplemental indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion but shall not be obligated to enter into such supplemental indenture.

A supplemental indenture which changes or eliminates any provision of this Indenture or of any series of Securities which has expressly been included solely for the benefit of one or more particular

series of Securities, or which modifies the rights of Holders of Securities of such series with respect to such provisions, shall be deemed not to affect the rights under this Indenture of the Holders of Securities of any other series.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form any proposed supplemental indenture, but it shall be sufficient if such consent shall approve the substance thereof.

Promptly after the execution by the Company and the Trustee of any supplemental indenture under this Section, the Company shall give notice, setting forth in general terms the substance of such supplemental indenture, to the Holders of Securities in the manner provided in Section 1.04. Any failure of the Company to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

SECTION 10.03. Effect of Supplemental Indentures. Upon the execution of any supplemental indenture pursuant to the provisions of this Article, this Indenture shall be and be deemed to be modified and amended in accordance therewith and the respective rights, limitation of rights, obligations, duties and immunities under this Indenture of the Trustee, the Company and the Holders of Securities shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modifications and amendments, and all the terms and conditions of any such supplemental indenture shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 10.04. Notation on Securities in Respect of Supplemental Indentures. Securities authenticated and delivered after the execution of any supplemental indenture pursuant to the provisions of this Article or after any action taken at a Holders meeting pursuant to the provisions of Article Nine may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture or as to any such action. If the Company and the Trustee shall so determine, new Securities of any series so modified as to conform, in the opinion of the Company and the Trustee, to any modification of this Indenture contained in any such supplemental indenture may be prepared by the Company, authenticated by the Trustee and delivered in exchange for the Securities of such series then outstanding.

SECTION 10.05. Opinion of Counsel to Be Given Trustee. The Trustee, subject to Sections 7.01 and Section 315 of the Trust indenture Act, may receive an Opinion of Counsel as conclusive evidence that any such supplemental indenture is authorized by the terms of this Indenture and that it is proper for the Trustee under the provisions of this Article to join in the execution thereof.

ARTICLE ELEVEN

CONSOLIDATION, MERGER AND SALE

SECTION 11.01. Company May Consolidate or Merge etc. Subject to the provisions of Section 11.02, nothing contained in this Indenture shall prevent any consolidation of the Company with or the merger of the Company into any other corporation, or any merger of any other corporation into the Company or successive consolidations or mergers to which the Company or its successor or successors shall be a party or parties, or shall prevent any sale, transfer or lease of the properties and assets of the Company as an entirety or substantially as an entirety to any other corporation lawfully entitled to acquire the same.

SECTION 11.02. Conditions to Consolidation or Merger, etc. The Company shall not consolidate with or merge into any other corporation or sell, transfer or lease its properties and assets as an entirety or substantially as an entirety unless, in case the Company shall consolidate with or merge into another corporation or sell, transfer or lease its properties and assets substantially as an entirety to any Person, the corporation formed by such consolidation or into which the Company is merged or the Person which acquires by sale or transfer, or which leases, the properties and assets of the Company substantially as an entirety shall be a corporation organized and existing under the laws of the United States, any State thereof or the District of Columbia and shall expressly assume, by an indenture supplemental hereto, executed and delivered to the Trustee, in form satisfactory to the Trustee, the due and punctual payment of the principal of (and premium, if any) and interest on all the Securities and the performance of every covenant of this Indenture on the part of the Company to be performed or observed.

Every such successor corporation, upon executing such indenture supplemental hereto, in form satisfactory to the Trustee, shall succeed to and be substituted for the Company with the same effect as if it had been an original party hereto, thus relieving the Company of all liabilities hereunder, and such successor corporation shall possess and from time to time may exercise each and every power hereunder of the Company, and may execute and deliver Securities hereunder, either in the name of the Company or of such successor corporation, and any act or proceeding required by this Indenture to be done or performed by any board or officer of the Company may be done or performed with like force and effect by the like board or officer of such successor corporation.

SECTION 11.03. Documents and Opinion to Be Furnished to the Trustee. The Company covenants and agrees that if it shall consolidate with or merge into any other corporation or if it shall sell, transfer or lease its properties and assets, as an entirety or substantially as an entirety, the Company will promptly furnish to the Trustee:

- (1) An Officers' Certificate stating that the covenants of the Company contained in Section 11.02 have been complied with;
- (2) An executed counterpart of any instrument or instruments executed by the Company or the successor corporation in the performance of such covenants; and
- (3) An Opinion of Counsel stating that in the opinion of such counsel such covenants have been complied with and that any instrument or instruments executed by the Company or the successor corporation in the performance of such covenants comply with the requirements of such covenants.

Each certificate, instrument and opinion furnished to the Trustee pursuant to the provisions of this Section shall conform to the requirements of Section 314 of the Trust Indenture Act.

Subject to the provisions of Sections 7.01 and Section 315 of the Trust Indenture Act, the Trustee may receive an Opinion of Counsel conforming to the requirements of Section 314 of the Trust Indenture Act as conclusive evidence that any such consolidation, merger, sale, transfer or lease, any such steps taken to secure the Securities, any such assumption and any such supplemental indenture or other instrument or instruments comply with the provisions of this Article.

ARTICLE TWELVE

SATISFACTION AND DISCHARGE OF INDENTURE; DEFEASANCE; UNCLAIMED MONEYS

SECTION 12.01. Satisfaction and Discharge of Indenture. If (a) the Company shall deliver to the Trustee for cancellation all Outstanding Securities, or (b) all Outstanding Securities not delivered to the Trustee for cancellation shall have become due and payable, or are by their terms to become due and payable within one year or are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice of redemption and the Company shall deposit with the Trustee as trust funds the entire amount sufficient to pay at maturity or upon redemption all such Securities not delivered to the Trustee for cancellation, including the principal of, premium, if any, and interest, if any, due or to become due to such date of maturity or redemption, and if in either case the Company shall also pay or cause to be paid all other sums payable hereunder by the Company, then this Indenture shall cease to be of further effect, and the Trustee, on demand of the Company and at the cost and expense of the Company, shall execute proper instruments acknowledging satisfaction of and discharging this Indenture. The Company agrees to reimburse the Trustee for any costs or expenses, including reasonable attorneys' fees, thereafter reasonably and properly incurred by the Trustee without negligence or bad faith in connection with this Indenture or the Securities.

SECTION 12.02. Satisfaction, Discharge and Defeasance of Securities of Any Series. If this Section is specified, as contemplated by Section 3.01, to be applicable to Securities of the series, at the Company's option, either

(a) the Company will be deemed to have been Discharged from its obligations with respect to Securities of such series; or

(b) the Company will cease to be under any obligation to comply with any term, provision or condition set forth in Sections 5.09 and 5.10; provided, however, that no such instrument may specify that the Company may cease to comply with any obligations as to which it may not be Discharged pursuant to the definition of "Discharged";

in each case (a) and (b) with respect to the Securities of such series, the Company will be discharged or will cease to be under any obligation to comply, as the case may be, on the 91st day after the applicable conditions set forth below in (p) and either (q) or (r) have been satisfied:

(p) (1) the Company has paid or caused to be paid all other sums payable with respect to the Outstanding Securities of such series (in addition to any required under (q) or (r)); and

(2) the Company has delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent herein provided for relating to the satisfaction and discharge of the entire indebtedness on all Outstanding Securities of any such series have been complied with;

(q) (1) the Company shall have deposited or caused to be deposited irrevocably with the Trustee as a trust fund specifically pledged as security for, and dedicated solely to, the benefit of the Holders of the Securities of such series (i) money in an amount (in such currency, currencies or currency unit or units in which any Outstanding Securities of such series are payable) or (ii) in the case of Securities denominated in Dollars, U.S.

Government Obligations or, in the case of Securities denominated in a Foreign Currency, Foreign Government Securities, which through the payment of interest and principal in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment of principal (including any premium) and interest, if any, under the Securities of such series, money in an amount or (iii) a combination of (i) and (ii), sufficient (in the opinion with respect to (ii) and (iii) of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee) to pay and discharge each installment of principal of (including any premium), and interest, if any, on, the Outstanding Securities of such series on the dates such installments of interest or principal are due, in the currency, currencies or currency unit or units, in which such Securities are payable; provided, however, that the Company shall not make or cause to be made the deposit provided by this clause (1) unless the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that there will not occur any violation of the Investment Company Act of 1940, as amended, on the part of the Company, the trust funds representing such deposit or the Trustee as a result of such deposit and the related exercise of the Company's option under this Section 12.02;

(2) (i) no Event of Default or event (including such deposit) which with notice or lapse of time would become an Event of Default shall have occurred and be continuing on the date of such deposit, (ii) no Event of Default as defined in clause (e) or (f) of Section 6.01, or event which with notice or lapse of time or both would become an Event of Default under either such clause, shall have occurred within 90 days after the date of such deposit and (iii) such deposit and the related intended consequence under (a) or (b) will not result in any default or event of default under any material indenture, agreement or other instrument binding upon the Company or any of its properties; and

(3) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that Holders of the Securities of such series will not recognize income, gain or loss for Federal income tax purposes as a result of the Company's exercise of its option under this Section 12.02 and will be subject to Federal income tax in the same amount, in the same manner and at the same times as would have been the case if such option had not been exercised;

(r) the Company has properly fulfilled such other means of satisfaction and discharge as is specified, as contemplated by Section 3.01, to be applicable to the Securities of such series.

Any deposits with the Trustee referred to in clause (q) (1) above will be made under the terms of an escrow trust agreement in form and substance satisfactory to the Trustee. If any Outstanding Securities of such series are to be redeemed prior to their Stated Maturity, whether pursuant to any mandatory redemption provisions or in accordance with any mandatory sinking fund requirement, the applicable escrow trust agreement will provide therefor and the Company will make arrangements for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Company.

SECTION 12.03. Application by Trustee of Funds Deposited for Payment of Securities. All money deposited with the Trustee pursuant to Sections 12.01 and 12.02, or received by the Trustee in respect of obligations deposited with the Trustee pursuant to Section 12.02 shall be held in trust until such time as such money is to be applied by it to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent), to the Holders of the particular Securities, for

the payment of which such moneys have been deposited with the Trustee, of all sums due to become due thereon for the principal thereof, premium, if any, and interest, if any, thereon. Moneys held under this Section need not be segregated from other funds except to the extent required by law and the Trustee shall be under no liability with respect to interest on any such moneys.

SECTION 12.04. Repayment of Moneys Held by Paying Agent. In connection with the satisfaction and discharge of this Indenture all moneys then held by any Paying Agent, other than the Trustee, under this Indenture shall, upon and in accordance with demand of the Company, be paid to the Trustee and thereupon such paying agent shall be released from all further liability with respect to such moneys.

SECTION 12.05. Return of Unclaimed Moneys. Any moneys deposited with the Trustee or any Paying Agent not applied but remaining unclaimed by the Holders of Securities for two years after the date upon which the principal of, premium, if any, or interest, if any, on such Securities shall have become due and payable shall be repaid to the Company by the Trustee or such agent on written demand; and the Holder of any of the Securities entitled to receive such payment shall thereafter look only to the Company for the payment thereof and all liability of the Trustee or any Paying Agent with respect to such moneys shall thereupon cease; provided, however, that the Trustee or such agent, before being required to make any such repayment, may at the expense of the Company cause to be published once a week for two consecutive weeks (in each case on any day of the week) in an Authorized Newspaper in the Borough of Manhattan, City of New York, and once in an authorized newspaper in London, notice that said moneys have not been so applied and that after a date named therein, which shall not be less than 30 days from the date of such mailing or publication, any unclaimed balance of said moneys then remaining will be returned to the Company.

ARTICLE THIRTEEN

IMMUNITY OF INCORPORATORS, STOCKHOLDERS, OFFICERS AND DIRECTORS

SECTION 13.01. Personal Immunity from Liability of Incorporators, Stockholders, etc. No recourse under or upon any obligation, covenant or agreement of this Indenture or any indenture supplemental hereto, or of any Security, or for any claim based thereon or otherwise in respect thereof, shall be had against any incorporator or against any past, present or future stockholder, officer or director, as such, of the Company or of any successor corporation, either directly or through the Company or any successor corporation, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability and any and all such claims being hereby expressly waived and released as a condition of, and as a consideration for, the execution of this Indenture and issue of the Securities.

[Form of Beneficial Ownership Certificate to be
Given by Person Entitled to Receive Bearer
Security Certificate]

CERTIFICATE OF BENEFICIAL OWNERSHIP

To: [Name and Address of Issuer or its
Agent, i.e., the Fiscal Agent]

Re: [Insert sufficient description of Security, (the "Security") such as CUSIP Number, Issue Date, Maturity Date,
Interest Payment Dates, Currency for Payments, and Interest or Interest Rate Formula.]

This is to certify that the above-referenced Security is not beneficially owned by, and is not being acquired by or on behalf of, any United States Person other than a Foreign Branch of a U.S. Financial Institution (whether or not such Foreign Branch of a U.S. Financial Institution owns or is acquiring the Security on behalf of another person, including a United States Person), or for offer to resell or for resale to such person or to any person who is in the United States other than an International Organization or Foreign Central Bank if the offer is made directly and specifically to the United States office of such International Organization or Foreign Central Bank. If this certificate is being provided by a Clearing Organization, it is based on statements provided to it by its member organizations. Such statements must be received no earlier than 10 days before the earlier of the first interest payment date and delivery of the Security and no later than the earlier of the first interest payment date and the date of delivery of such Security.

We undertake to advise you by telex if, as to any or all of the above-referenced securities in bearer form, the above statement as to beneficial ownership is not correct on the date of delivery of such Securities.

DEFINITIONS

For purposes of this certificate:

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time, or any successor thereto.

"Foreign Branch of a United States Financial Institution" means a permanent office (engaged in the active conduct of a trade or business) located outside the United States of a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof that:

- (a) is a financial institution as defined in Section 1.165-12 (c) (1) (v) of the Treasury regulations, at an address outside the United States, and
- (b) provides a written statement or blanket certification to the person from whom (or through whom) it purchases the Security that it will comply with subparagraph (A), (B), or (C) of Section 165 (j) (3) of the Code and the rules and regulations thereunder (which provisions generally require that it comply with certain requirements concerning holding and selling the Securities outside the United States and reporting to the United States tax authorities certain information with respect to the Securities).

The statement referred to in clause (b) above must be supplied to the person from or through whom the Security is purchased by the earlier of the first interest payment date or the end of the calendar year of issuance of the Security; the blanket certification referred to in clause (b) above must be received in the calendar year of issuance of the Security or in either of the two preceding calendar years.

"Foreign Central Bank" means an entity defined in Section 895 of the Code and the rules and regulations thereunder.

"International Organization" means an entity defined in Section 7701 (a) (18) of the Code and the rules and regulations thereunder.

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

"United States Person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof and any estate or trust the income of which is subject to United States federal income taxation regardless of its source.

DISCLOSURE TO ISSUER AND TAX AUTHORITIES

We understand that this certificate is required in connection with certain tax legislation in the United States. If administrative or legal proceedings are commenced or threatened in connection with which this certificate is or would be relevant, or if the United States Internal Revenue Service requests this certificate, we irrevocably authorize you to produce this certificate or a copy thereof to any interested party in such proceedings.

To the best of my (our) knowledge and belief, the above information is true, correct, and complete.

Dated: , 19__*

_____**

* Earlier of the date of the first actual payment of interest or the date of delivery of the bearer security.

** The certificate must be signed by either (i) the owner of the Security to which the certificate relates or (ii) the financial institution or clearing organization through which the owner holds the Security to which the certificate relates, directly or indirectly.

Exhibit 5.1

March 1, 2013

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285

Ladies and Gentlemen:

We have acted as counsel to Eli Lilly and Company, an Indiana corporation (the "*Company*"), in connection with the registration by the Company under the Securities Act of 1933, as amended (the "*Act*"), of an unlimited dollar amount (or its foreign currency equivalent) of: (i) shares of the Company's common stock, without par value (the "*Common Stock*"); (ii) shares of the Company's preferred stock, without par value (the "*Preferred Stock*"), which may be represented by depositary shares (the "*Depositary Shares*"); (iii) one or more series of debt securities of the Company (the "*Debt Securities*"), to be issued pursuant to an indenture, dated as of February 1, 1991 (the "*Indenture*"), between the Company and Deutsche Bank Trust Company Americas (as successor to Citibank, N.A.), as trustee (the "*Trustee*"); (iv) warrants to purchase Common Stock, Preferred Stock or Debt Securities (the "*Warrants*"); (v) stock purchase contracts, pursuant to which the holder will purchase from the Company a specified number of shares of Common Stock at a future date (the "*Stock Purchase Contracts*"); and (vi) stock purchase units, consisting of Stock Purchase Contracts and a security (of the Company or another issuer) securing the holder's obligation to purchase the Common Stock under the Stock Purchase Contracts (the "*Stock Purchase Units*" and, together with the Depositary Shares, the Debt Securities, the Warrants and the Stock Purchase Contracts, the "*Covered Securities*"), pursuant to the registration statement on Form S-3 filed with the Securities and Exchange Commission (the "*Commission*") on March 1, 2013 (the "*Registration Statement*").

We have reviewed such corporate records, certificates and other documents, and such questions of law, as we have considered necessary or appropriate for the purposes of this opinion. We have assumed that all signatures are genuine, that all documents submitted to us as originals are authentic and that all copies of documents submitted to us conform to the originals.

We have assumed that, at the time of the issuance, sale and delivery of each issue of Depositary Shares, each series of Debt Securities, each issue of Warrants and each issue of Stock Purchase Contracts or Stock Purchase Units, as the case may be: (i) the execution, delivery and performance by the Company of any indenture supplement, deposit agreement, warrant agreement, stock purchase contract agreement, and unit agreement (collectively, the "*Opinion Documents*") and all actions necessary for the issuance of the Covered Securities, and the form and terms thereof, will comply with all requirements and restrictions, if any, applicable to the Company, whether imposed by any agreement or instrument to which the Company is a party or by which it is bound or any court or other governmental or regulatory body having jurisdiction over the Company; and (ii) the authorization thereof by the Company will not have been modified or rescinded, and there will not have occurred any change in law affecting the validity, legally binding character or enforceability thereof. We have assumed further that the Opinion Documents will be governed by and

construed in accordance with the laws of the State of New York. We have assumed that the Company and the Trustee have duly authorized, executed and delivered the Indenture. With respect to any Opinion Document executed or to be executed by any party other than the Company, we have assumed that such party has, or will have, duly authorized, executed and delivered the Opinion Documents to which it is a party and that each such Opinion Document is, or will be, the valid and binding obligation of such party, enforceable against it in accordance with its terms.

We have assumed further that the Company is duly organized and validly existing under the laws of the State of Indiana and has all requisite power, authority and legal right to execute, deliver and perform its obligations under the Covered Securities, Indenture, and the Opinion Documents. We note that you are relying with respect to all matters of Indiana law on an opinion of Faegre Baker Daniels, dated as of the date hereof, which opinion is filed as Exhibit 5.2 to the Registration Statement.

Additionally, we have relied as to certain matters on information obtained from public officials, officers of the Company and other sources believed by us to be responsible.

Based on the foregoing and subject to the qualifications set forth herein, we are of the opinion that, when, as and if:

1. With respect to the Depositary Shares: (i) the Registration Statement and any required post-effective amendments thereto have all become effective under the Act and all prospectus supplements required by applicable law have been delivered and filed as required by such laws; (ii) all necessary corporate action has been taken by the Company to authorize, execute, and deliver a deposit agreement; (iii) any legally required consents, approvals, authorizations and other orders of the Commission and any other regulatory authorities have been obtained; (iv) any shares of Preferred Stock underlying the Depositary Shares have been duly and validly authorized and reserved for issuance and sale; and (v) the depositary receipts evidencing the Depositary Shares have been duly executed and delivered by the depositary in accordance with the applicable deposit agreement and in accordance with such corporate action and applicable law and as contemplated in the Registration Statement and the prospectus supplement setting forth the terms of the Depositary Shares and the plan of distribution, then, upon the happening of such events, the Depositary Shares will constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

2. With respect to the Debt Securities: (i) the Registration Statement and any required post-effective amendments thereto have all become effective under the Act and all prospectus supplements required by applicable law have been delivered and filed as required by such laws; (ii) the Indenture has been qualified under the Trust Indenture Act of 1939, as amended; (iii) all necessary corporate action has been taken by the Company to authorize, execute, and deliver any necessary indenture supplement and to authorize the form, terms, execution and delivery of any Debt Securities; (iv) any legally required consents, approvals, authorizations and other orders of the Commission and any other regulatory authorities have been obtained; and (v) such Debt Securities have been duly executed by the Company and authenticated by the Trustee in

accordance with the Indenture, or any applicable indenture supplement, and have been duly issued and delivered against payment therefor in accordance with such corporate action and applicable law and as contemplated in the Registration Statement and the prospectus supplement setting forth the terms of the Debt Securities and the plan of distribution, then, upon the happening of such events, such Debt Securities (including any Debt Securities to be issued by the Company upon the conversion or exercise of other Covered Securities issued by the Company pursuant to the Registration Statement) will constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to

bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

3. With respect to the Warrants: (i) the Registration Statement and any required post-effective amendments thereto all have become effective under the Act and all prospectus supplements required by applicable law have been delivered and filed as required by such laws; (ii) all necessary corporate action has been taken by the Company to authorize, execute, and deliver a warrant agreement and to authorize the form, terms, execution and delivery of any Warrants and to fix or otherwise determine the consideration to be received for the Warrants; (iii) any legally required consents, approvals, authorizations and other orders of the Commission and any other regulatory authorities have been obtained; (iv) any shares of Common Stock or Preferred Stock or any Debt Securities purchasable upon exercise of such Warrants, as applicable, have been duly and validly authorized and reserved for issuance and sale; and (v) the Warrants have been duly executed and sold by the Company against payment therefor in accordance with any applicable warrant agreement, and in accordance with such corporate action and applicable law and as contemplated in the Registration Statement and the prospectus supplement setting forth the terms of the Warrants and the plan of distribution, then, upon the happening of such events, the Warrants will constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4. With respect to the Stock Purchase Contracts and Stock Purchase Units: (i) the Registration Statement and any required post-effective amendments thereto have all become effective under the Act and all prospectus supplements required by applicable law have been delivered and filed as required by such laws; (ii) all necessary corporate action has been taken by the Company to authorize, execute, and deliver a stock purchase contract agreement and/or a unit agreement, as applicable, and to authorize the form, terms, execution and delivery of any Stock Purchase Contracts or Stock Purchase Units, as applicable; (iii) any legally required consents, approvals, authorizations and other orders of the Commission and any other regulatory authorities have been obtained; (iv) any shares of Common Stock or Debt Securities to be issued pursuant to such Stock Purchase Contracts or Stock Purchase Units, as applicable, have been duly and validly authorized and reserved for issuance and sale; and (v) the Stock Purchase Contracts or Stock Purchase Units, as applicable, have been duly executed and sold by the Company against payment therefor in accordance with any applicable stock purchase contract agreement or stock purchase unit agreement, and in accordance with such corporate action and applicable law and as contemplated in the Registration Statement and the prospectus supplement setting forth the terms of the Stock Purchase Contracts or Stock Purchase Units, as applicable, and the plan of distribution, then, upon the happening of such events, the Stock Purchase Contracts or Stock Purchase Units, as applicable, will constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

Our opinions above are qualified to the extent that the enforcement of any Covered Securities denominated in a currency other than United States dollars may be limited by requirements that a claim (or a foreign currency judgment in respect of such claim) be converted into United States dollars at a rate of exchange prevailing on a date determined pursuant to applicable law.

We express no opinion as to: (i) waivers of defenses, subrogation and related rights, rights to trial by jury, rights to object to venue, or other rights or benefits bestowed by operation of law; (ii) releases or waivers of unmaturing claims or rights; (iii) indemnification, contribution, exculpation, or arbitration provisions, or provisions for the non-survival of representations, to the extent they purport to indemnify any party against, or release or limit any party's liability for, its own breach or failure to comply with statutory obligations, or

to the extent such provisions are contrary to public policy; or (iv) provisions for liquidated damages and penalties, penalty interest and interest on interest.

We are members of the bars of the District of Columbia and the State of New York. We do not express any opinion herein on any laws other than the laws of the State of New York.

We hereby consent to the filing of this opinion as Exhibit 5.1 to the Registration Statement. We also hereby consent to the reference to our firm under the heading "Legal Matters" in the prospectus constituting part of the Registration Statement. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

/s/ Covington & Burling LLP

Faegre Baker Daniels LLP
600 East 96th Street, Suite 600
Indianapolis, Indiana 46240-3789
Phone +1 317 569 9600
Fax +1 317 569 4800

March 1, 2013

Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285

Re: Eli Lilly and Company
Registration Statement on Form S-3

Ladies and Gentlemen:

We have acted as Indiana counsel to Eli Lilly and Company, an Indiana corporation (the "Company"), in connection with the Registration Statement on Form S-3 (the "Registration Statement") being filed by the Company with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), relating to the registration of an unlimited dollar amount (or its foreign currency equivalent) of: (i) shares of the Company's common stock, without par value (the "Common Stock"); (ii) shares of the Company's preferred stock, without par value (the "Preferred Stock"), which may be represented by depositary shares (the "Depositary Shares"); (iii) one or more series of debt securities of the Company (the "Debt Securities"), to be issued pursuant to an indenture, dated as of February 1, 1991 (the "Indenture"), between the Company and Deutsche Bank Trust Company Americas (as successor to Citibank, N.A.), as trustee (the "Trustee"); (iv) warrants to purchase Common Stock, Preferred Stock or Debt Securities (the "Warrants"); (v) stock purchase contracts, pursuant to which the holder will purchase from the Company a specified number of shares of Common Stock at a future date (the "Stock Purchase Contracts"); and (vi) stock purchase units, consisting of Stock Purchase Contracts and a security (of the Company or another issuer) securing the holder's obligation to purchase the Common Stock under the Stock Purchase Contracts (the "Stock Purchase Units" and, together with the Depositary Shares, the Debt Securities, the Warrants and the Stock Purchase Contracts, the "Covered Securities").

Unless otherwise specified in the applicable prospectus supplement, the Preferred Stock will be issued in one or more series and the relative powers, designations, preferences, rights and qualifications, limitations or restrictions of such Preferred Stock will be set forth in one or more articles of amendment (each, the "Articles of Amendment"). Each of the Articles of Amendment will be in a form to be filed as an

exhibit to a post-effective amendment to the Registration Statement or a document filed under the Securities Exchange Act of 1934, as amended, and incorporated as an exhibit to the Registration Statement by reference.

This opinion letter is being delivered in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act.

In rendering the opinions expressed below, we have examined and relied upon a copy of the Registration Statement and the exhibits filed therewith, including the Indenture, the Amended Articles of Incorporation of the Company (the "Articles of Incorporation") as currently in effect, and the Amended By-Laws of the Company (the "By-Laws") as currently in effect, as well as the resolutions of the Board of Directors (the "Board") of the Company relating to the Indenture and the Registration Statement. We have also examined originals, or copies of originals certified or otherwise identified to our satisfaction, of such records of the Company and other corporate documents, have examined such questions of law and have satisfied ourselves as to such matters of fact as we have considered relevant and necessary as a basis for this opinion letter. We have assumed the authenticity of all documents submitted to us as originals, the genuineness of all signatures, the legal capacity of all natural persons and the conformity with the original documents of any copies thereof submitted to us for our examination.

Based on the foregoing and subject to the qualifications and limitations set forth herein, we are of the opinion that:

1. The Company is validly existing as an Indiana corporation.

2. With respect to the shares of Common Stock when: (i) the issuance and sale of such shares of Common Stock have been duly authorized by appropriate corporate action; and (ii) certificates representing such shares of Common Stock have been duly executed, countersigned and registered and duly delivered to the purchasers thereof against payment of the agreed consideration therefor, the shares of Common Stock will be legally issued, fully paid and non-assessable.

3. With respect to each series of Preferred Stock when: (i) the Board shall have established the designations, preferences, rights, qualifications, limitations or restrictions of such series of Preferred Stock and the issuance and sale of such series of Preferred Stock have been duly authorized by appropriate corporate action; (ii) the Company shall have filed with the Secretary of State of the State of Indiana the Articles of Amendment duly executed on behalf of the Company with respect to such series of Preferred Stock; (iii) certificates representing shares of such series of Preferred Stock shall have been duly executed, countersigned and registered and duly delivered to the purchasers thereof against payment of the agreed consideration therefor; and (iv) if the Preferred Stock is convertible into Common Stock, (x) the issuance of such Common Stock has been duly authorized by appropriate corporate action, (y) the Preferred Stock has been presented for conversion in accordance with the terms thereof and (z) certificates for such Common Stock have been duly executed, countersigned and registered and duly delivered upon such conversion to the persons entitled thereto, in accordance with the terms of such Preferred Stock, (a) the shares of Preferred Stock will be legally issued, fully paid and non-assessable and (b) if the Preferred Stock is convertible into Common Stock, the shares of Common Stock issuable upon conversion of the Preferred Stock will be legally issued, fully paid and non-assessable.

4. The Indenture has been duly authorized and executed by the Company. The Company has the power and authority under Indiana law to create one or more series of Debt Securities and to enter into supplements to the Indenture and the other agreements relating to the Covered Securities that are contemplated in the Registration Statement.

5. With respect to the Covered Securities, if the Covered Securities are convertible into Common Stock or Preferred Stock or if Common Stock or Preferred Stock may be acquired upon exercise or otherwise upon fulfillment of the terms of the Covered Securities, when (i) the issuance of such Common Stock or Preferred Stock relating to the Covered Securities has been duly authorized by appropriate corporate action, (ii) the Covered Securities have been presented for conversion, exercise or fulfillment in accordance with the terms thereof and (iii) certificates for such Common Stock or Preferred Stock have been duly executed, countersigned and registered and duly delivered upon such conversion, exercise or fulfillment to the person entitled thereto, in accordance with the terms of such Covered Securities, the shares of Common Stock or Preferred Stock issuable upon conversion, exercise or fulfillment of the Covered Securities will be legally issued, fully paid and non-assessable.

For the purposes of this opinion letter, we have assumed that, at the time of the issuance, sale and delivery of each issue of Common Stock and each issue of Preferred Stock, as the case may be: (i) any securities being offered will be issued and sold as contemplated in the Registration Statement or the prospectus supplement relating thereto; (ii) all actions necessary for the issuance of the securities and the form and terms thereof will be duly authorized by all necessary action (corporate or otherwise) and will not (a) contravene the Articles of Incorporation or By-Laws, (b) violate any law, rule or regulation applicable to the Company or (c) result in any conflict with or breach of any agreement or document binding on the Company; (iii) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or any other third party is required for the issuance of the securities, and if any such authorization, approval, consent, action, notice or filing is required, it has been or will be duly obtained, taken, given or made and is or will be in full force and effect; (iv) the authorization thereof by the Company will not have been modified or rescinded, and there will not have occurred any change in law affecting the validity, legally binding character or enforceability thereof; (v) the Articles of Incorporation and the By-Laws, as currently in effect, will not have been modified or amended and will be in full force and effect, and the number of shares of Common Stock or Preferred Stock, as the case may be, offered and sold will not exceed the number of shares of Common Stock or Preferred stock, as the case may be, authorized under the Articles of Incorporation (as then in effect) and not otherwise reserved for issuance; and (vi) the certificates, if any, evidencing the Common Stock or the Preferred Stock will be in a form which complies with the Indiana Business Corporation Law.

This opinion letter is limited to the laws of the State of Indiana. We express no opinion, and make no statement, as to the laws, rules or regulations of any other jurisdiction.

The opinions set forth herein are given as of the date hereof, and we undertake no obligation to update or supplement this letter if any applicable law changes after the date hereof or if we become aware of any fact or other circumstances that changes or may change any opinion set forth herein after the date hereof or for any other reason.

We hereby consent to the filing of this opinion letter with the SEC as an exhibit to the Registration Statement and the reference to our firm under the heading "Legal Matters" in the prospectus which forms a part of the Registration Statement. In giving such consent, we do not thereby admit that we are within the category of persons whose consent is required by Section 7 of the Securities Act or the related rules promulgated by the SEC.

Very truly yours,

FAEGRE BAKER DANIELS LLP

By: /s/ David C. Worrell
David C. Worrell

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption "Experts" in this Registration Statement (Form S-3) and related Prospectus of Eli Lilly and Company for the registration of common stock, preferred stock, depositary shares, debt securities, warrants, stock purchase contracts, and stock purchase units and to the incorporation by reference therein of our report dated February 21, 2013, with respect to the consolidated financial statements of Eli Lilly and Company, and the effectiveness of internal control over financial reporting of Eli Lilly and Company, included in its Annual Report (Form 10-K) for the year ended December 31, 2012, filed with the Securities and Exchange Commission.

/s/ Ernst & Young LLP

Indianapolis, Indiana
February 28, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

DEUTSCHE BANK TRUST COMPANY AMERICAS
(formerly BANKERS TRUST COMPANY)
(Exact name of trustee as specified in its charter)

NEW YORK **13-4941247**
(Jurisdiction of Incorporation or (I.R.S. Employer
organization if not a U.S. national bank) Identification no.)

60 WALL STREET
NEW YORK, NEW YORK **10005**
(Address of principal executive offices) (Zip Code)

Deutsche Bank Trust Company Americas
Attention: Lynne Malina
Legal Department
60 Wall Street, 37th Floor
New York, New York 10005
(212) 250 - 0677
(Name, address and telephone number of agent for service)

Eli Lilly and Company

(Exact name of obligor as specified in its charter)

Indiana **35-0470950**
(State or other jurisdiction (IRS Employer Identification No.)
of incorporation or organization)

Lilly Corporate Center
Indianapolis, Indiana 46285
(317) 276-2000
(Address, including zip code, and telephone number,
including area code, of registrant's principal executive offices)

Michael J. Harrington, Esq.
Senior Vice President and General Counsel
Eli Lilly and Company
Lilly Corporate Center
Indianapolis, Indiana 46285
(317) 276-2000
(Name, address, including zip code, and telephone number,
including area code, of agent for service)

Copies To:
Kerry Burke
Covington & Burling LLP
1201 Pennsylvania Avenue, NW
Washington, DC 20004
(202) 662 5897

Debt Securities
(Title of the Indenture securities)

Item 1. General Information.

Furnish the following information as to the trustee.

(a) Name and address of each examining or supervising authority to which it is subject.

<u>Name</u>	<u>Address</u>
Federal Reserve Bank (2nd District)	New York, NY
Federal Deposit Insurance Corporation	Washington, D.C.
New York State Banking Department	Albany, NY

(b) Whether it is authorized to exercise corporate trust powers.
Yes.

Item 2. Affiliations with Obligor.

If the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

Item 3. -15. Not Applicable

Item 16. List of Exhibits.

- Exhibit 1 -** Restated Organization Certificate of Bankers Trust Company dated August 6, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated September 25, 1998, Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated December 16, 1998, and Certificate of Amendment of the Organization Certificate of Bankers Trust Company dated February 27, 2002 - Incorporated herein by reference to Exhibit 1 filed with Form T-1 Statement, Registration No. 333-157637-01.
- Exhibit 2 -** Certificate of Authority to commence business - Incorporated herein by reference to Exhibit 2 filed with Form T-1 Statement, Registration No. 333-157637-01.
- Exhibit 3 -** Authorization of the Trustee to exercise corporate trust powers - Incorporated herein by reference to Exhibit 3 filed with Form T-1 Statement, Registration No. 333-157637-01.
- Exhibit 4 -** Existing By-Laws of Deutsche Bank Trust Company Americas, as amended on April 15, 2002 business - Incorporated herein by reference to Exhibit 4 filed with Form T-1 Statement, Registration No. 333-157637-01.

- Exhibit 5 -** Not applicable.
- Exhibit 6 -** Consent of Bankers Trust Company required by Section 321(b) of the Act. - business - Incorporated herein by reference to Exhibit 6 filed with Form T-1 Statement, Registration No. 333-157637-01.
- Exhibit 7 -** The latest report of condition of Deutsche Bank Trust Company Americas dated as of September 30, 2012. Copy attached.
- Exhibit 8 -** Not Applicable.
- Exhibit 9 -** Not Applicable.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the trustee, Deutsche Bank Trust Company Americas, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in The City of New York, and State of New York, on this 22nd day of February , 2013.

DEUTSCHE BANK TRUST COMPANY AMERICAS

/s/ Christina Van Ryzin

By: Name: Christina Van Ryzin

Title: Vice President

Consolidated Report of Condition for Insured Banks and Savings Associations for September 30, 2012

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

		Dollar Amounts in Thousands		RCFD	TH BI MI TH	Thou	
Assets							
1.	Cash and balances due from depository institutions (from Schedule RC-A):						
a.	Noninterest-bearing balances and currency and coin (1)	0081	184,000				1.a
b.	Interest-bearing balances (2)	0071	20,333,000				1.b
2.	Securities:						
a.	Held-to-maturity securities (from Schedule RC-B, column A)	1754	0				2.a
b.	Available-for-sale securities (from Schedule RC-B, column D)	1773	167,000				2.b
3.	Federal funds sold and securities purchased under agreements to resell:	RCON					
a.	Federal funds sold in domestic offices	8987	135,000				3.a
b.	Securities purchased under agreements to resell (3)	8989	6,017,000				3.b
4.	Loans and lease financing receivables (from Schedule RC-C):						
a.	Loans and leases held for sale			5369		0	4.a
b.	Loans and leases, net of unearned income	8528	19,478,000				4.b
c.	LESS: Allowance for loan and lease losses	3123	73,000				4.c
d.	Loans and leases, net of unearned income and allowance (item 4.b minus 4.c)	8529	19,405,000				4.d
5.	Trading assets (from Schedule RC-D)	3545	3,819,000				5
6.	Premises and fixed assets (including capitalized leases)	2145	49,000				6
7.	Other real estate owned (from Schedule RC-M)	2150	14,000				7
8.	Investments in unconsolidated subsidiaries and associated companies	2130	0				8
9.	Direct and indirect investments in real estate ventures	3656	0				9
10.	Intangible assets:						
a.	Goodwill	3163	0				10.a
b.	Other intangible assets (from Schedule RC-M)	0426	43,000				10.b
11.	Other assets (from Schedule RC-F)	2160	5,035,000				11
12.	Total assets (sum of items 1 through 11)	2170	55,201,000				12

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Includes all securities resale agreements in domestic and foreign offices, regardless of maturity.

Schedule RC—Continued

		Dollar Amounts in Thousands		Tr Br MI Thou		
Liabilities						
13. Deposits:						
				RCON		
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E, part I)				2200	27,117,000	13.a
(1) Noninterest-bearing (1)		6631	20,844,000			13.a.1
(2) Interest-bearing		6636	6,273,000			13.a.2
b. In foreign offices, Edge and Agreement subsidiaries, and IBFs						
(from Schedule RC-E, part II)				RCPN		
				2200	10,399,000	13.b
(1) Noninterest-bearing		6631	6,041,000			13.b.1
(2) Interest-bearing		6636	4,358,000			13.b.2
14. Federal funds purchased and securities sold under agreements to repurchase:						
a. Federal funds purchased in domestic offices (2)				RCON		
				8993	6,476,000	14.a
b. Securities sold under agreements to repurchase (3)				RCPD		
				8995	0	14.b
15. Trading liabilities (from Schedule RC-D)						
				3548	155,000	15
16. Other borrowed money (includes mortgage indebtedness and obligations under capitalized leases) (from Schedule RC-M)						
				3190	242,000	16
17. and 18. Not applicable						
19. Subordinated notes and debentures (4)						
				3200	0	19
20. Other liabilities (from Schedule RC-G)						
				2930	2,062,000	20
21. Total liabilities (sum of items 13 through 20)						
				2948	46,451,000	21
22. Not applicable						

(1) Includes noninterest-bearing demand, time, and savings deposits.
 (2) Report overnight Federal Home Loan Bank advances in Schedule RC, item 16, "Other borrowed money."
 (3) Includes all securities repurchase agreements in domestic and foreign offices, regardless of maturity.
 (4) Includes limited-life preferred stock and related surplus.

Equity Capital

Bank Equity Capital

	RCFD	04 03 02 01	0000	
23. Perpetual preferred stock and related surplus	3838		0	23
24. Common stock	3230		2,127,000	24
25. Surplus (excludes all surplus related to preferred stock)	3839		595,000	25
26. a. Retained earnings	3632		5,755,000	26.a
b. Accumulated other comprehensive income (5)	8530		26,000	26.b
c. Other equity capital components (6)	4130		0	26.c
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210		8,503,000	27.a
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000		247,000	27.b
28. Total equity capital (sum of items 27.a and 27.b)	6105		8,750,000	28
29. Total liabilities and equity capital (sum of items 21 and 28)	3300		55,201,000	29

Memoranda

To be reported with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2011 _____

RCFD	Number
6724	N/A

M.1

- | | |
|---|---|
| <p>1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the bank</p> <p>2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public accounting firm which submits a report on the consolidated holding company (but not on the bank separately)</p> <p>3 = Attestation on bank management's assertion on the effectiveness of the bank's internal control over financial reporting by a certified public accounting firm.</p> | <p>4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)</p> <p>5 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)</p> <p>6 = Review of the bank's financial statements by external auditors</p> <p>7 = Compilation of the bank's financial statements by external auditors</p> <p>8 = Other audit procedures (excluding tax preparation work)</p> <p>9 = No external audit work</p> |
|---|---|

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date _____

RCFD	MM / DD
8678	N/A

M.2

- (5) Includes net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, cumulative foreign currency translation adjustments, and accumulated defined benefit pension and other post retirement plan adjustments.
- (6) Includes treasury stock and unearned Employee Stock Ownership Plan shares.