

CHUBB CORP  
Form 424B3  
August 10, 2005

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**The information in this preliminary remarketing prospectus supplement is not complete and may be changed without notice. This preliminary remarketing prospectus supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these securities nor are they soliciting offers to buy these securities in any state where the offer or sale is not permitted. These securities may not be sold nor may offers to buy be accepted before the remarketing prospectus supplement is delivered in final form.**

As Filed Pursuant to Rule 424(b)(3)  
Registration No. 333-74912; 333-101460

**SUBJECT TO COMPLETION. DATED AUGUST 10, 2005**

**REMARKETING PROSPECTUS SUPPLEMENT  
(To Prospectus dated April 3, 2002 and Prospectus Supplement dated November 25, 2002)**

**The Chubb Corporation**  
**\$**  
**% Senior Notes due 2007**

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In November 2002, we issued \$600,000,000 aggregate principal amount of 4.00% senior notes due 2007, referred to in this remarketing prospectus supplement as the senior notes, in connection with our issuance of 24,000,000 Equity Units. The senior notes were issued as a component of the Equity Units, each of which initially consisted of (1) a warrant obligating its holder to purchase from us no later than November 16, 2005, at a purchase price of \$25, a number of shares of our common stock and (2) a senior note in the principal amount of \$25, together a Corporate Unit. This remarketing prospectus supplement relates to a remarketing of \$ \_\_\_\_\_ aggregate principal amount of those senior notes on behalf of the Corporate Unit holders.

The senior notes will mature on November 16, 2007. The interest rate on the senior notes will be reset to \_\_\_\_\_ % per annum, effective on and after August 16, 2005. Interest on the senior notes is payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year. The first interest payment on the senior notes following the remarketing will be made on November 16, 2005.

We will not receive any proceeds from the remarketing of the senior notes.

The senior notes are senior unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness. The senior notes will not be listed on any national securities exchange.

**Investing in the senior notes involves risks. See "Risk Factors" beginning on page R-6 of this remarketing prospectus supplement.**

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

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**Per Note**                      **Total**

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	<u>Per Note</u>	<u>Total</u>
Remarketed offering price(1)	%	\$
Remarketing fee to remarketing agents(2)	%	\$
Net proceeds to participating holders(3)	%	\$

- (1) Plus accrued interest from August 16, 2005 if settlement occurs after that date.
- (2) Equals 0.25% of the treasury portfolio purchase price.
- (3) We will not receive any proceeds from the remarketing. See "Use of Proceeds" in this remarketing prospectus supplement.

The remarketing agents expect the senior notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company on or about August , 2005.

*Lead Remarketing Agent*

**Citigroup**

**Deutsche Bank Securities**  
August , 2005

**Goldman, Sachs & Co.**

**Merrill Lynch & Co.**

This document is in three parts. The first part is this remarketing prospectus supplement, which describes the specific terms of this remarketing of the senior notes and also adds to and updates information contained in the accompanying prospectus supplement and prospectus and the documents incorporated by reference in this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus. The second and third parts are the accompanying prospectus supplement and prospectus, respectively, which give more general information, some of which does not apply to the senior notes. If the description of the remarketing varies between this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus, you should rely on the information in this remarketing prospectus supplement.

You should rely only on the information contained or incorporated by reference in this remarketing prospectus supplement and in the accompanying prospectus supplement and prospectus. Neither we nor the remarketing agents have authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. Neither we nor the remarketing agents are making an offer to sell these securities in any jurisdiction where the offer is not permitted. You should assume that the information appearing in this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus is accurate as of the date on their respective covers. Our business, financial condition, results of operations and prospects may have changed since that date.

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**FORWARD-LOOKING STATEMENTS**

*Certain statements in this remarketing prospectus supplement, the accompanying prospectus supplement and prospectus and the documents incorporated by reference herein and therein are "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 (PSLRA). These forward-looking statements are made pursuant to the safe harbor provisions of the PSLRA and include estimates and assumptions related to economic, competitive, regulatory, judicial, legislative and other developments. These include statements relating to trends in, or representing management's beliefs about, our future strategies, operations and financial results, as well as other statements that include words such as "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "should," "will," or other similar expressions. Forward-looking statements are made based upon management's current expectations and beliefs concerning trends and future developments and their potential effects on us. These statements are not guarantees of future performance. Actual results may differ materially from those suggested by forward-looking statements as a result of risks and uncertainties, which include, among others, those discussed or identified from time to time in our public filings with the Securities and Exchange Commission (the "SEC") and those associated with:*

the availability of primary and reinsurance coverage, including the implications relating to terrorism legislation and regulation;

global political conditions and the occurrence of any terrorist attack, including any nuclear, biological, chemical or radiological events;

the effects of outbreak or escalation of war or hostilities;

premium pricing and profitability or growth estimates overall or by lines of business or geographic area, and related expectations with respect to the timing and terms of any required regulatory approvals;

adverse changes in loss cost trends;

our ability to retain existing business;

our expectations with respect to cash flow projections and investment income and with respect to other income;

the adequacy of loss reserves including:

our expectations relating to reinsurance recoverables;

the effects of proposed asbestos liability legislation, including the impact of claims patterns arising from the possibility of legislation and those that may arise if legislation is not passed;

our estimates relating to ultimate asbestos liabilities;

the impact from the bankruptcy protection sought by various asbestos producers and other related businesses;

the willingness of parties, including us, to settle disputes;

developments in judicial decisions or regulatory or legislative actions relating to coverage and liability for asbestos, toxic waste and mold claims;

development of new theories of liability;

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the impact of economic factors on companies on whose behalf our insurance subsidiaries have issued surety bonds, and, in particular, on those companies that have filed for bankruptcy or otherwise experienced deterioration in creditworthiness;

the effects of disclosures by, and investigations of, public companies relating to possible accounting irregularities, practices in the financial services industry and other corporate governance issues, including:

- the effects on the capital markets and the markets for directors and officers and errors and omissions insurance;

- claims and litigation arising out of actual or alleged accounting or other corporate malfeasance by other companies;

- claims and litigation arising out of practices in the financial services industry;

- legislative or regulatory proposals or changes, including the changes in law and regulation implemented under the Sarbanes-Oxley Act of 2002;

the effects of investigations into market practices in the U.S. property and casualty insurance industry and any legal or regulatory proceedings arising therefrom;

the occurrence of significant weather-related or other natural or human-made disasters, particularly in locations where we have concentrations of risk;

any downgrade in our claims-paying, financial strength or other credit ratings;

the ability of our subsidiaries to pay us dividends;

general economic conditions including:

- changes in interest rates, market credit spreads and the performance of the financial markets, generally and as they relate to credit risks assumed by our Chubb Financial Solutions unit in particular;

- the effects of inflation;

- changes in domestic and foreign laws, regulations and taxes;

- changes in competition and pricing environments;

- regional or general changes in asset valuations;

- the inability to reinsure certain risks economically;

- changes in the litigation environment;

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general market conditions; and

our ability to implement management's strategic plans and initiatives.

We assume no obligation to update any forward looking information set forth in this remarketing prospectus supplement, the accompanying prospectus supplement and the prospectus and the documents incorporated by reference herein and therein, which speak as of the date hereof and thereof, respectively.

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## SUMMARY INFORMATION

The following information supplements, and should be read together with, the information contained in the accompanying prospectus supplement and prospectus. You should carefully read this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus, as well as the documents they incorporate by reference, before making an investment decision. Unless we state otherwise or the context otherwise requires, references appearing in this remarketing prospectus supplement to "Chubb," "we," "us" and "our" should be read to refer to The Chubb Corporation.

### The Chubb Corporation

The Chubb Corporation was incorporated as a business corporation under the laws of the State of New Jersey in June 1967. Chubb is a holding company for a family of property and casualty insurance companies known informally as the Chubb Group of Insurance Companies (the "Chubb Group"). Since 1882, the Chubb Group has provided property and casualty insurance to businesses and individuals around the world. According to A.M. Best, the Chubb Group is the 10th largest U.S. property and casualty insurance group based on 2004 net written premiums. At June 30, 2005, we had total assets of \$46.6 billion and shareholders' equity of \$11.3 billion. Together with our subsidiaries, we employed approximately 11,800 persons worldwide on December 31, 2004.

The Chubb Group is divided into four strategic business units:

commercial;

specialty;

personal; and

reinsurance assumed.

Chubb Commercial Insurance offers a full range of commercial customer insurance products, including coverage for multiple peril, casualty, workers' compensation and property and marine. Chubb Commercial Insurance is known for writing niche business, where its expertise can add value for our agents, brokers and policyholders. Chubb Specialty Insurance offers a wide variety of specialized executive protection and professional liability products for privately and publicly owned companies, financial institutions, professional firms and health care organizations. Chubb Specialty Insurance also includes our surety business. Chubb Personal Insurance offers products for individuals with fine homes and possessions who require more coverage choices and higher limits than standard insurance policies. Chubb Personal Insurance also includes our accident business. Our reinsurance assumed business, produced by Chubb Re, primarily offers casualty reinsurance. The Chubb Group provides insurance coverage principally in the United States, Canada, Europe, Australia, and parts of Latin America and Asia.

Chubb Financial Solutions ("CFS") was organized in 2000 to develop and provide customized risk-financing services through both the capital and insurance markets. CFS' non-insurance business was primarily structured credit derivatives, principally as a counterparty in portfolio credit default swaps. In the second quarter of 2003, we implemented a plan to exit the credit derivatives business and are running off the financial products portfolio of CFS.

Our principal executive offices are located at 15 Mountain View Road, Warren, New Jersey 07061-1615, and our telephone number is (908) 903-2000.

### The Remarketing

Issuer	The Chubb Corporation, a New Jersey corporation.
Securities Remarketed	\$ aggregate principal amount of senior notes on behalf of holders of Corporate Units.
Maturity	The senior notes will mature on November 16, 2007.
Interest Rate	The interest rate on the senior notes will be reset to % per annum effective on and after August 16, 2005.
Interest Payment Dates	Interest on the senior notes is payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year. The first interest payment on the senior notes following this remarketing will be made on November 16, 2005.
Ranking	The senior notes are senior unsecured obligations and rank equally with all of our other unsecured and unsubordinated indebtedness.
The Remarketing	<p>The senior notes were issued by us as a component of the Equity Units we issued and sold to the public in November 2002. Each Equity Unit initially consisted of (i) a warrant obligating its holder to purchase shares of our common stock from us no later than November 16, 2005 for \$25 (a "warrant") and (ii) a senior note having a principal amount equal to \$25, together called a Corporate Unit. In order to secure their obligations under the warrant, holders of the Corporate Units pledged their senior notes to us through a collateral agent. Pursuant to the terms of the Equity Units, the remarketing agents will remarket the senior notes on behalf of the current holders of Corporate Units in accordance with the remarketing agreement among us, the remarketing agents and JPMorgan Trust Company, N.A., as warrant agent and attorney-in-fact for holders of Equity Units. See "Remarketing" in this remarketing prospectus supplement.</p> <p>The terms of the Equity Units and senior notes require the remarketing agents to use their reasonable efforts to remarket the senior notes of holders participating in the remarketing at a price of approximately (but not less than) 100.50% of the treasury portfolio purchase price, as defined in this remarketing prospectus supplement. The remarketing agents will reset the interest rate on the senior notes to the reset rate that the senior notes should bear in order for the remarketed senior notes to have an approximate aggregate market value on the remarketing date of 100.50% of the treasury portfolio purchase price. The reset rate shall in no event exceed the maximum rate permitted by applicable law.</p>
Use of Proceeds	The proceeds from the remarketing of the senior notes will be \$ , before deduction of the remarketing agents' fee. We will not receive any proceeds from the remarketing. Instead, the proceeds from the remarketing will be (i) used to purchase the treasury portfolio described in this remarketing prospectus supplement, which treasury portfolio will then be pledged to secure the obligations of the holders of the Corporate Units, (ii) used to pay the remarketing agents' fee, which will not exceed 0.25% of the treasury portfolio purchase price, and (iii) any proceeds remaining will be remitted for the benefit of persons who were holders of the senior notes sold in the remarketing. See "Use of Proceeds" in this remarketing prospectus supplement.

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U.S. Federal Income Taxation

We have treated and will continue to treat the senior notes for U.S. federal income tax purposes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments. These regulations are complex and, in some respects, uncertain in application. Generally, assuming that you report your income in a manner consistent with the method described in this remarketing prospectus supplement, the amount of income that you will recognize in respect of the senior notes should correspond to the economic accrual of income on the senior notes to you and the amount of income you would have recognized if the senior notes were not subject to the contingent payment debt regulations. However, no assurance can be given that the Internal Revenue Service ("IRS") will agree with our position. For a detailed discussion, please see the section of this remarketing prospectus supplement entitled "Certain United States Federal Income Tax Considerations."

Listing

The senior notes will not be listed on any national securities exchange.

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## RISK FACTORS

Investing in the senior notes involves risks, including the risks described below that are specific to us and our business and the senior notes. You should not purchase senior notes unless you understand these investment risks. Although we have tried to discuss key risk factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing any senior notes, you should carefully consider the following discussion of risks, the factors listed under the heading "Forward-Looking Statements," and the other information contained or incorporated by reference in this remarketing prospectus supplement and in the accompanying prospectus supplement and prospectus.

### Risks Relating to Our Business

References to "Chubb," "we," "us" and "our" appearing in this remarketing prospectus supplement under this heading "Risks Relating to Our Business" should be read to refer to The Chubb Corporation and its subsidiaries.

#### **We may incur additional losses if our property-liability loss reserves are insufficient.**

The process of establishing loss reserves is complex and imprecise as it must take into consideration many variables that are subject to the outcome of future events. As a result, informed subjective judgments as to our ultimate exposure to losses are an integral component of our loss reserving process.

Due to the uncertainties inherent in the loss reserving process and the complexity of the assumptions used, the actual emergence of losses could vary, perhaps substantially, from the estimate of losses included in our financial statements, particularly when settlements may not occur until well into the future.

Our loss reserves include amounts related to short-tail and long-tail classes of business. "Tail" refers to the time period between the occurrence of a loss and the settlement of the claim. The longer the time span between the incidence of a loss and the settlement of the claim, the more the ultimate settlement amount can vary.

Short-tail classes consist principally of homeowners, commercial property and marine business. For these classes, the estimation of loss reserves is less complex because claims are generally reported and settled shortly after the loss occurs and the claims relate to tangible property.

Most of our loss reserves relate to long-tail liability classes of business. Long-tail classes include directors and officers liability, errors and omissions liability and other executive protection coverages, commercial excess liability, and other liability coverages. For many liability claims significant periods of time, ranging up to several years or more, may elapse between the occurrence of the loss, the reporting of the loss to us and the settlement of the claim. For the long-tail liability classes, a relatively small proportion of losses in the more recent accident years relate to reported claims and an even smaller proportion are paid losses. Consequently, the estimation of loss reserves for these classes is more complex and subject to a higher degree of estimation error.

Most of our reinsurance assumed business is long-tailed casualty reinsurance. Reserve estimates for this business are therefore subject to the variability caused by extended loss emergence periods. The estimation of loss reserves for this business is further complicated by delays between the time the claim is reported to the ceding insurer and when it is reported by the ceding insurer to us and by our dependence on the quality and consistency of the loss reporting by the ceding company.

A relatively large proportion of our net loss reserves, particularly for long-tail liability classes, are reserves for incurred but not reported ("IBNR") losses claims that had not yet been reported to us, some of which were not yet known to the insured, and future development on reported claims. In fact, approximately 65% of our aggregate net loss reserves at June 30, 2005 were for IBNR.

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We review the loss reserves for each of the numerous classes of business we write as part of our overall analysis of loss reserves, taking into consideration the variety of trends that impact the ultimate settlement of claims in each particular class of business. In performing these reviews, our actuaries use a variety of complex actuarial methods that analyze experience trends and other relevant factors.

These methods generally utilize analyses of historical patterns of the development of paid and reported losses by accident year by class of business. This process relies on the basic assumption that past experience, adjusted for the effects of current developments and likely trends, is an appropriate basis for predicting future outcomes. For certain long-tail classes of business where anticipated loss experience is less predictable because of the small number of claims and/or erratic claim severity patterns, estimates are based on both expected losses and actual reported losses. These classes include directors and officers liability, errors and omissions liability and commercial excess liability, among others. For these classes, we judgmentally set ultimate losses for each accident year based on our evaluation of loss trends and the current risk environment. The expected ultimate losses are adjusted as the accident years mature.

Using the various complex actuarial methods and different underlying assumptions, our actuaries produce a number of point estimates for each class of business. After reviewing the appropriateness of the underlying assumptions, management selects the carried reserve for each class of business.

Among the numerous factors that contribute to the inherent uncertainty in the process of establishing loss reserves are the following:

Changes in the inflation rate for goods and services related to covered damages such as medical care and home repair costs,

Changes in the judicial environment regarding the interpretation of policy provisions relating to the determination of coverage,

Changes in the general attitude of juries in the determination of liability and damages,

Legislative actions including the impact of the Class Action Fairness Act of 2005,

Changes in the medical condition of claimants,

Changes in our estimates of the number and/or severity of claims that have been incurred but not reported as of the date of the financial statements,

Changes in our underwriting standards, and

Any changes in our claim handling procedures.

In addition, we must consider the uncertain effects of emerging or potential claims and coverage issues. These issues can have a negative effect on our loss reserves by either extending coverage beyond the original underwriting intent or by increasing the number or size of claims. Recent examples of emerging or potential claims and coverage issues include increases in the number and size of directors and officers liability and errors and omissions liability claims arising out of investment banking practices and accounting and other corporate malfeasance and increases in the number and size of water damage claims related to remediation of mold conditions. As a result of issues such as these, the uncertainties inherent in estimating ultimate claim costs on the basis of past experience have become increasingly unpredictable, further complicating the already complex loss reserving process.

The future impact of the various factors described above that contribute to the uncertainty in the loss reserving process and of emerging or potential claims and coverage issues is extremely hard to predict and cannot be quantified.

The estimation of loss reserves relating to asbestos and toxic waste claims on insurance policies written many years ago is subject to greater uncertainty than other types of claims due to inconsistent court decisions as well as judicial interpretations and legislative actions that in some cases have tended to



broaden coverage beyond the original intent of such policies and in others have expanded theories of liability. The insurance industry as a whole is engaged in extensive litigation over these coverage and liability issues and is thus confronted with a continuing uncertainty in its efforts to quantify these exposures.

Reserves for asbestos and toxic waste claims cannot be estimated with traditional actuarial loss reserving techniques that rely on historical accident year loss development factors. Instead, we rely on an exposure-based analysis that involves a detailed review of individual policy terms and exposures. Because each policyholder presents different liability and coverage issues, we generally evaluate our exposure on a policyholder-by-policyholder basis, considering a variety of factors that are unique to each policyholder. Quantitative techniques have to be supplemented by subjective considerations including management judgment. It is therefore not possible to determine the future development of asbestos and toxic waste claims with the same degree of reliability as is the case for other types of claims. Such development will be affected by the extent to which courts and legislatures continue to expand the intent of the policies and the scope of the coverage.

Based on all information currently available, we believe that the aggregate loss reserves of our property and casualty subsidiaries at June 30, 2005 were adequate to cover claims for losses that had occurred, including both those known to us and those yet to be reported. In establishing such reserves, we consider facts currently known and the present state of the law and coverage litigation. However, given the judicial decisions and legislative actions that have broadened the scope of coverage and expanded theories of liability in the past and the possibilities of similar interpretations in the future, particularly as they relate to asbestos claims and, to a lesser extent, toxic waste claims, it is possible that our estimate of the ultimate liability for losses that had occurred as of June 30, 2005 may increase in future periods. Such increases in estimates could have a material adverse effect on our future operating results.

**The effects of emerging claim and coverage issues on our business are uncertain.**

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claims and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the number or size of claims. The effects of these and other unforeseen emerging claim and coverage issues are extremely hard to predict and could harm our business.

**Catastrophe losses could materially reduce our profitability.**

As a property-liability insurance holding company, our insurance operations expose us to claims arising out of catastrophes. We have experienced, and will in the future experience, catastrophe losses which may materially reduce our profitability or harm our financial condition. Catastrophes can be caused by various natural events, including hurricanes, windstorms, earthquakes, hail, severe winter weather and fires. Catastrophes can also be man-made, such as a terrorist attack. The frequency and severity of catastrophes are inherently unpredictable. It is possible that both the frequency and severity of man-made catastrophic events will increase.

The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to relatively small geographic areas; however, hurricanes and earthquakes may produce significant damage in larger areas, especially those that are heavily populated. Claims resulting from natural or man-made catastrophic events could cause substantial volatility in our financial results for any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. Our ability to write new business could also be affected. We believe that increases in the value and geographic concentration of insured property and the effects of inflation could increase the severity of claims from catastrophic events in the future. In addition, states have from time to time passed legislation that has the effect of limiting the ability of insurers to manage catastrophe risk, such as legislation prohibiting insurers from withdrawing from catastrophe-prone areas.

**If the Terrorism Risk Insurance Act of 2002 is not reauthorized, our future operating results could be more volatile.**

The Terrorism Risk Insurance Act of 2002 ("TRIA") was signed into law on November 26, 2002. TRIA established a temporary program under which the federal government shares the risk of loss from certain acts of international terrorism with the insurance industry. TRIA is applicable to almost all commercial lines of insurance. Insurance companies with direct commercial insurance exposure in the United States are required to participate in the program. Each insurer has a separate deductible in the event of an act of terrorism before federal assistance becomes available. The deductible is based on a percentage of direct commercial earned premiums from the previous calendar year. For 2005, that deductible is 15% of direct commercial earned premiums in 2004, or in our case a deductible of approximately \$950 million. For losses above the deductible, the federal government will pay for 90% of covered losses, while the insurer contributes 10%. There is a combined annual aggregate limit for the federal government and all insurers of \$100 billion; above this amount, insurers are not liable for covered losses.

Unless reauthorized by Congress, the program established under TRIA will expire on December 31, 2005. If TRIA is not reauthorized, it could impact the risk limits and terms we are willing to write on behalf of insureds, especially in high profile areas, which in turn could impact our financial results. Also, depending upon the attack scenario, our net loss could be greater if TRIA is not renewed. It is unclear at this time whether Congress will reauthorize TRIA for periods subsequent to December 31, 2005 and, if so, on what terms. Even if TRIA is renewed, we will continue to have substantial exposure to terrorism risk, which could have a material adverse effect on our future operating results.

**Cyclicality of the property-liability insurance industry may cause fluctuations in our results.**

The property-liability insurance business historically has been characterized by periods of intense price competition due to excess underwriting capacity, which has in the past had, and could in the future have, an adverse effect on our results. Periods of intense price competition historically have alternated with periods when shortages of underwriting capacity have permitted attractive premium levels. We expect this cyclicality to continue. The periods of intense price competition in the cycle could harm our financial condition, profitability or cash flows.

A number of factors, including many that are volatile and unpredictable, can have a significant impact on cyclical trends in the property-liability insurance industry and the industry's profitability. These factors include:

an apparent trend of courts to grant increasingly larger awards for certain damages;

catastrophic hurricanes, windstorms, earthquakes and other natural disasters, as well as the occurrence of man-made disasters (e.g., a terrorist attack);

availability, price and terms of reinsurance;

fluctuations in interest rates;

changes in the investment environment that affect market prices of and income and returns on investments; and

inflationary pressures that may tend to affect the size of losses experienced by insurance companies.

We cannot predict whether or when market conditions will improve, remain constant or deteriorate. Negative market conditions may impair our ability to write insurance at rates that we consider appropriate relative to the risk assumed. If we cannot write insurance at appropriate rates, our ability to transact business would be materially and adversely affected.

**A downgrade in our ratings could adversely impact the competitive positions of our operating businesses.**

Financial strength ratings can be an important factor in establishing our competitive position in the insurance markets. If our credit ratings were downgraded in the future, we could incur higher borrowing



costs and may have more limited means to access capital. There can be no assurance that our ratings will continue for any given period of time or that they will not be changed. Reductions in our ratings could adversely affect the competitive positions of our insurance operations, including a possible reduction in demand for our products in certain markets.

**Our businesses are heavily regulated, and changes in regulation may reduce our profitability and limit our growth.**

Our insurance subsidiaries are subject to extensive regulation and supervision in the jurisdictions in which they conduct business. This regulation is generally designed to protect the interests of policyholders, as opposed to insurers and their shareholders and other investors, and relates to authorization for lines of business, capital and surplus requirements, investment limitations, underwriting limitations, transactions with affiliates, dividend limitations, changes in control, premium rates and a variety of other financial and nonfinancial components of an insurance company's business.

Virtually all states require insurers licensed to do business in that state to bear a portion of the loss suffered by some insureds as the result of impaired or insolvent insurance companies. In addition, in various states, our insurance subsidiaries must participate in mandatory arrangements to provide various types of insurance coverage to individuals or other entities that otherwise are unable to purchase that coverage from private insurers. The effect of these and similar arrangements could reduce our profitability in any given period or limit our ability to grow our business.

In recent years, the state insurance regulatory framework has come under increased scrutiny, including scrutiny by federal officials, and some state legislatures have considered or enacted laws that may alter or increase state authority to regulate insurance companies and insurance holding companies. Further, the National Association of Insurance Commissioners, or NAIC, and state insurance regulators are continually reexamining existing laws and regulations, specifically focusing on modifications to statutory accounting principles, interpretations of existing laws and the development of new laws and regulations. Any proposed or future legislation or NAIC initiatives may be more restrictive than current regulatory requirements or may result in higher costs.

**The property-liability insurance industry is the subject of a number of investigations by state and federal authorities in the U.S., as well as by regulators in jurisdictions outside the U.S. We cannot predict the outcome of these investigations or the impact on our business or financial results.**

As part of the ongoing investigations of market practices in the property-liability insurance industry, we have received subpoenas and requests for information from the Attorneys General of numerous states, as well as from various states' insurance and business regulators. We also have received subpoenas as part of investigations by several state and federal regulators and enforcement agencies, including the United States Securities and Exchange Commission and the United States Attorney for the Southern District of New York, relating to certain loss mitigation and finite reinsurance products. We have also received and responded to similar regulatory inquiries in Canada and the United Kingdom. We cannot predict the ultimate outcome of these investigations or the impact on our business or financial results.

**Intense competition for our products could harm our ability to maintain or increase our profitability and premium volume.**

The property and casualty insurance industry is highly competitive. We compete not only with other stock companies but also with mutual companies, other underwriting organizations and alternative risk sharing mechanisms. We compete for business not only on the basis of price, but also on the basis of availability of coverage desired by customers and quality of service, including claim adjustment service. We may have difficulty in continuing to compete successfully on any of these bases in the future.

If competition limits our ability to write new business at adequate rates, our ability to transact business would be materially and adversely affected and our future operating results would be adversely affected.

**Payment of obligations under surety bonds could adversely affect our future operating results.**

The surety business tends to be characterized by infrequent but potentially high severity losses. The majority of our surety business obligations are intended to be performance-based guarantees. When losses occur, they may be mitigated by the customer's balance sheet, contract proceeds and bankruptcy recovery.

We have substantial commercial surety exposure for outstanding bonds. In that regard, we have exposures related to commercial surety bonds issued on behalf of companies that have experienced or may experience deterioration in creditworthiness. If the economy were to worsen and impact any of these companies or if the financial results of these companies were otherwise adversely affected, we may experience an increase in filed claims and may incur high severity losses, which could have a material adverse effect on our future operating results.

**The inability of Chubb's insurance subsidiaries to pay dividends in sufficient amounts would harm our ability to meet our obligations.**

As a holding company, The Chubb Corporation relies primarily on dividends from its insurance subsidiaries to meet its obligations for payment of interest and principal on outstanding debt obligations. The ability of our insurance subsidiaries to pay dividends in the future will depend on their statutory surplus, on earnings and on regulatory restrictions. We are subject to regulation by some states as an insurance holding company system. Such regulation generally provides that transactions between companies within the holding company system must be fair and equitable. Transfers of assets among affiliated companies, certain dividend payments from insurance subsidiaries and certain material transactions between companies within the system may be subject to prior notice to, or prior approval by, state regulatory authorities. Our insurance subsidiaries are also subject to licensing and supervision by government regulatory agencies in the jurisdictions in which they do business. These regulations may set standards of solvency that must be met and maintained, the nature of and limitations on investments and the nature of and limitations on dividends to policyholders and shareholders. These regulations may affect our insurance subsidiaries' ability to provide The Chubb Corporation with dividends.

**Risks Related to the Senior Notes**

**The secondary market for the senior notes may be illiquid.**

It is not possible to predict how the senior notes will trade in the secondary market or whether the market will be liquid or illiquid. There can be no assurance as to the liquidity of any market that may develop for the senior notes, your ability to sell these securities or whether a trading market, if it develops, will continue.

**The senior notes are subject to the rules governing contingent payment debt instruments.**

The senior notes are subject to the contingent payment debt rules. As a result, all holders of the senior notes, regardless of whether such holders use a cash or accrual method of accounting, will be subject to accrual method accounting with respect to the senior notes.

Although you may have purchased a senior note for an amount that differs from the adjusted issue price of the senior note at the time of purchase, you will be required to accrue original issue discount on the senior note in accordance with the comparable yield (as defined herein) even if market conditions have changed since the date of issuance. However, you will be required to adjust the amount of your original issue discount accrual to take this difference into account.

**The trading price of the senior notes may not fully reflect the value of their accrued but unpaid interest.**

The senior notes may trade at a price that does not fully reflect the value of their accrued but unpaid interest. If you dispose of your senior notes between record dates for interest payments, you will be required to include in gross income the daily portions of original issue discount through the date of disposition in income as ordinary income, and to add this amount to your adjusted tax basis in the senior notes disposed of. To the extent the selling price is less than your adjusted tax basis, you will recognize a loss.

**USE OF PROCEEDS**

We are remarketing \$ \_\_\_\_\_ aggregate principal amount of senior notes to investors on behalf of holders of Corporate Units.

We will not directly receive any cash proceeds from the remarketing of the senior notes. Instead, the proceeds of the remarketing will be used as follows:

\$ \_\_\_\_\_ of the proceeds (which is equal to the treasury portfolio purchase price, described below) will be used to purchase the treasury portfolio (described below), that will then be pledged to The Bank of New York, as collateral agent, to secure the Corporate Unit holders' obligation to purchase our common stock under the warrants on November 16, 2005;

\$ \_\_\_\_\_ of the proceeds, which equals an amount not to exceed 25 basis points (0.25%) of the treasury portfolio purchase price, will be deducted and retained by the remarketing agents as a remarketing fee; and

any proceeds from the remarketing of senior notes remaining after deducting the treasury portfolio purchase price and the remarketing fee will be remitted to JPMorgan Trust Company, N.A., as the warrant agent, for payment to the holders of the Corporate Units as of 5 p.m., New York City time, on August 10, 2005.

The "treasury portfolio" consists of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to November 15, 2005 in an aggregate amount equal to the aggregate principal amount of the senior notes included in the Corporate Units, and

with respect to the scheduled interest payment date of the senior notes that occurs on November 16, 2005, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to November 15, 2005 in an aggregate amount equal to the aggregate interest payment, assuming an interest rate of 4%, that would be due on November 16, 2005 on the aggregate principal amount of the senior notes that are included in the Corporate Units.

The "treasury portfolio purchase price" is the price paid on the date of this remarketing prospectus supplement to purchase the treasury portfolio described above for settlement on August 16, 2005.

**RATIO OF CONSOLIDATED EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of consolidated earnings to fixed charges for each of the years in the five year period ended December 31, 2004 and for each of the six month periods ended June 30, 2005 and 2004:

	For the Six Months Ended June 30,		For the Year Ended December 31,				
	2005	2004	2004	2003	2002	2001	2000
Ratio of Consolidated Earnings to Fixed Charges	14.99	11.06	12.19	6.17	2.59	0.49(1)	11.48

For the purpose of computing the above ratios of consolidated earnings to fixed charges, consolidated earnings consist of income from continuing operations before income taxes excluding income or loss from equity investees, plus those fixed charges that were charged against income and distributions from equity investees. Fixed charges consist of interest expense before reduction for capitalized interest and the portion of rental expense (net of rental income from subleased properties) which is considered to be representative of the interest factors in the leases.

(1) For the year ended December 31, 2001, consolidated earnings were not sufficient to cover fixed charges by \$46 million. Consolidated earnings for the period, as defined, reflect a \$635 million loss before income taxes from the September 11 attack in the United States and net surety bond losses before income taxes of \$220 million arising from the bankruptcy of Enron Corp.

## SUMMARY HISTORICAL FINANCIAL DATA

The following summary historical financial data for, and as of the end of, each of the five years in the period ended December 31, 2004 have been derived from Chubb's consolidated financial statements, which have been audited by Ernst & Young LLP, Chubb's independent registered public accounting firm. The data as of June 30, 2005 and 2004 and for the six months ended June 30, 2005 and 2004 have been derived from Chubb's unaudited consolidated financial statements, which include, in the opinion of Chubb's management, all adjustments, consisting of normal recurring accruals, necessary to present fairly Chubb's consolidated results of operations and financial position for the periods and dates presented. The summary financial data should be read in conjunction with Chubb's consolidated financial statements and the notes to the consolidated financial statements that are incorporated by reference in this remarketing prospectus supplement and the accompanying prospectus supplement and prospectus. Results for the six months ended June 30, 2005 are not necessarily indicative of results for the full year.

	As of or for the Year Ended December 31,				
	2004	2003	2002	2001	2000
	(in millions)				
Revenues	\$ 13,177.2	\$ 11,394.0	\$ 9,140.3	\$ 7,754.0	\$ 7,251.5
Net Income	1,548.4	808.8	222.9	111.5	714.6
Total Assets	44,260.3	38,360.6	34,080.9	29,415.5	24,993.2
Invested Assets	31,158.1	26,622.0	21,012.4	17,783.9	17,000.6
Long Term Debt	2,813.7	2,813.9	1,959.1	1,351.0	753.8
Shareholders' Equity	10,126.4	8,522.0	6,825.7	6,491.8	6,948.2
	As of or for the Six Months Ended June 30,				
	2005		2004		
	(in millions)				
Revenues	\$ 6,900.1		\$ 6,384.2		
Net Income	965.1		716.8		
Total Assets	46,604.9		41,678.0		
Invested Assets	32,941.7		28,019.9		
Long Term Debt	2,813.4		2,811.6		
Shareholders' Equity	11,258.0		8,902.9		

## DESCRIPTION OF THE SENIOR NOTES

*The following description is a summary of the terms of the senior notes. The descriptions in this remarketing prospectus supplement, the accompanying prospectus summary and the prospectus contain a description of certain terms of the senior notes and the indenture but do not purport to be complete, and reference is hereby made to the indenture, which is incorporated by reference into the registration statement, and to the Trust Indenture Act. This summary of selected provisions of the senior notes and the indenture, and, to the extent inconsistent, supersedes and replaces the description of the senior notes and the senior debt securities in the accompanying prospectus supplement and prospectus.*

### General

The senior notes offered by this remarketing prospectus supplement are a series of our senior unsecured debt securities as described below and in the accompanying prospectus supplement and prospectus. The senior notes were initially issued in the aggregate principal amount of \$600,000,000 as components of Equity Units under an indenture, dated as of October 25, 1989, between Chubb and JPMorgan Trust Company, N.A., as successor to Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as trustee.

The senior notes are senior debt securities that will be our direct unsecured obligations and will rank without preference or priority among themselves and equally with all of our existing and future senior indebtedness. The senior notes are our obligations exclusively, and are not the obligations of any of our subsidiaries.

We are a holding company and rely primarily on dividends from our subsidiaries to meet our obligations for payment of interest and principal on outstanding debt obligations. Accordingly, our ability to service our debt, including our obligations under the senior notes, and other obligations are primarily dependent on the earnings of our respective subsidiaries and the payment of those earnings to us, in the form of dividends, loans or advances and through repayment of loans or advances from us. In addition, any payment of dividends, loans or advances by those subsidiaries could be subject to statutory or contractual restrictions. Our subsidiaries have no obligation to pay any amounts due on the senior notes.

The senior notes are not subject to a sinking fund provision and are not subject to defeasance. The entire principal amount of the senior notes will mature and become due and payable, together with any accrued and unpaid interest, on November 16, 2007. The senior notes will not be redeemable by us prior to the maturity date.

The senior notes are represented by one or more global certificates registered in the name of the depository or its nominee. So long as the senior notes are in book-entry form, you will receive payments and may transfer senior notes only through the facilities of the depository or a nominee of the depository, or a successor depository or nominee thereof. See " Book-Entry System." We will maintain an office or agency in the Borough of Manhattan, the City of New York where notices and demands in respect of the senior notes and the indenture may be delivered to us and where certificated senior notes, if any are issued under the circumstances described under " Book-Entry System," may be surrendered for payment or principal and interest, registration of transfer or exchange. That office or agency will initially be the office of the trustee.

We will make payments on book-entry senior notes to the depository or its nominee, as the registered owner of the senior notes, by wire transfer of immediately available funds with respect to senior notes issued in certificated form. We have the option of paying interest by check mailed to the addresses of the holders entitled to payment or by wire transfer to an account appropriately designated by the holder entitled to payment.

We will pay principal of the senior notes at maturity or otherwise upon presentation of the senior notes at the office of the trustee, who shall act as our paying agent. In our discretion, we may appoint one or more additional paying agents and security registrars and designate one or more additional places for payment and for registration of transfer, but we are obligated at all times to maintain a place of payment for

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the senior notes and a place for registration of transfer of the senior notes in the Borough of Manhattan, The City of New York.

Any monies or government obligations deposited with or paid to the trustee or any paying agent for the payment of principal of or interest on any senior note and not applied but remaining unclaimed for three years after such principal or interest has become due and payable shall, at our request and unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, be repaid to us and the holder of the senior note shall thereafter look, unless otherwise required by mandatory provisions of applicable escheat or abandoned or unclaimed property laws, only to us for the payment thereof.

The indenture does not contain provisions that afford holders of the senior notes protection in the event we are involved in a highly leveraged transaction or other similar transaction that may adversely affect holders. The indenture does not limit our ability to issue or incur other debt or issue preferred stock.

### **Interest**

The interest rate on the senior notes will be reset to % per annum, effective on and after August 16, 2005. Interest on the senior notes shall be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, each an "interest payment date," commencing November 16, 2005, to the persons in whose name the senior notes are registered on the first business day of the month in which the interest payment date falls or any other day more than one and less than sixty business days prior to such interest payment date that we choose to be the record date for interest payments.

The amount of interest payable for any full quarterly period will be computed on the basis of a 360-day year consisting of twelve 30-day months. The amount of interest payable for any period shorter than a full quarterly period for which interest is computed will be computed on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that any scheduled interest payment date falls on a day that is not a business day, the payment of interest payable on that date will be made on the next succeeding day that is a business day (without any interest or other payment in respect of the delay), except that, if such business day is in the next calendar year, then such payment will be made on the preceding business day.

### **Book-Entry System**

The senior notes will be represented by one or more global certificates, which are referred to as global securities, registered in the name of the depositary or its nominee. Except under the limited circumstances described below, senior notes represented by the global securities will not be exchangeable for, and will not otherwise be issuable as, senior notes in certificated form. The global securities described above may not be transferred except by the depositary to a nominee of the depositary or by a nominee of the depositary to the depositary or another nominee of the depositary or to a successor depositary or its nominee.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in such a global security.

Except as provided below, owners of beneficial interests in such a global security will not be entitled to receive physical delivery of senior notes in certificated form and will not be considered the holders (as defined in the indenture) thereof for any purpose under the indenture, and no global security representing senior notes shall be exchangeable, except for another global security of like denomination and tenor to be registered in the name of the depositary or its nominee or a successor depositary or its nominee. Accordingly, each beneficial owner must rely on the procedures of the depositary or if such person is not a participant, on the procedures of the participant through which such person owns its interest to exercise any rights of a holder under the indenture.

In the event that

the depositary notifies us that it is unwilling or unable to continue as a depositary for the global security certificates and no successor depositary has been appointed within 90 days after this notice,

an event of default occurs and is continuing with respect to the senior notes, or

we determine in our sole discretion that we will no longer have senior notes represented by global securities,

certificates for the senior notes will be printed and delivered in exchange for beneficial interests in the global security certificates. Any global note that is exchangeable pursuant to the preceding sentence shall be exchangeable for senior note certificates registered in the names directed by the depositary. We expect that these instructions will be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in the global security certificates.

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**CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

The following is a summary of certain of the United States federal income tax considerations related to the purchase, ownership and disposition of the senior notes as of the date hereof, but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), Treasury Regulations promulgated thereunder, administrative rulings and judicial decisions as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in United States federal income tax consequences different from those set forth below. We have not sought any ruling from the IRS with respect to the statements made and the conclusions reached in the following summary, and there can be no assurance that the IRS will agree with such statements and conclusions.

This discussion is limited to holders who purchase senior notes in the remarketing at the remarketing offering price and who hold the senior notes as capital assets (generally, property held for investment). This discussion also does not address the tax considerations arising under the laws of any foreign, state or local jurisdiction, or under United States federal estate or gift tax laws. In addition, this discussion does not address all tax considerations that may be applicable to a holder's particular circumstances or to holders that may be subject to special tax rules, including, without limitation:

holders subject to the alternative minimum tax;

banks, insurance companies, or other financial institutions;

foreign persons or entities (except to the extent specifically set forth below);

tax-exempt organizations;

dealers in securities or commodities;

traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;

U.S. holders (as defined below) whose "functional currency" is not the United States dollar;

holders that hold senior notes as a position in a hedging transaction, "straddle," "conversion transaction," integrated or other risk reduction transaction;

persons deemed to sell the senior notes under the constructive sale provisions of the Code;

regulated investment companies;

real estate investment trusts;

controlled foreign corporations;

passive foreign investment companies;

certain United States expatriates; or

pass-through entities.

In addition, if a partnership (including any entity treated as partnership for United States federal tax purposes) or other pass-through entity holds senior notes, the tax treatment of a partner in the partnership or owner of the applicable pass-through entity generally will depend upon the status of the partner or owner and the activities of the partnership or pass-through entity. If you are a partnership or pass-through entity, or a partner or owner of a partnership or other pass-through entity, as applicable, holding our senior notes, you should consult your tax advisor regarding the tax consequences of the ownership and disposition of senior notes.

No statutory, administrative or judicial authority directly addresses the treatment of the senior notes or instruments similar to the senior notes for United States federal income tax purposes. **As a result, no assurance can be given that the IRS will agree with the tax consequences described herein. Each prospective investor is urged to consult its tax advisor as to the particular tax consequences of**

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**purchasing, owning and disposing of the senior notes, including the application and effect of United States federal, state, local and foreign tax laws.**

**Classification of the Senior Notes**

Generally, characterization of an obligation as indebtedness for United States federal income tax purposes is made at the time of the issuance of the obligation. Consistent with our belief that the senior notes constituted indebtedness for United States federal income tax purposes at the time of the issuance of the senior notes, we have treated and will continue to treat the senior notes in that manner. It is possible that the IRS will successfully assert that the senior notes were not properly treated as indebtedness prior to the remarketing, in which case your tax consequences from the ownership and disposition of the senior notes may differ from those described below.

Because of the manner in which the interest rate on the senior notes is reset, we have treated and will continue to treat the senior notes for United States federal income tax purposes as indebtedness that is subject to the Treasury regulations governing contingent payment debt instruments (the "contingent payment debt regulations"). By acquiring senior notes in the remarketing, you will be deemed to have agreed to treat the senior notes as indebtedness for United States federal income tax purposes subject to the contingent payment debt obligations. Accordingly, all payments on the senior notes including stated interest will be taken into account under these contingent payment debt regulations and actual cash payments of interest on the senior notes will not be reported separately as taxable income. As discussed more fully below, the effect of the contingent payment debt regulations will be to require a U.S. holder, regardless of its usual method of tax accounting, to use the accrual method with respect to the senior notes. The proper application of the contingent payment debt regulations to the senior notes following the remarketing is uncertain in a number of respects, and no assurance can be given that the IRS will not successfully assert that the senior notes should be treated differently than as described below. A different treatment of the senior notes could materially affect the timing and character of income, gain or loss with respect to an investment in the senior notes. Accordingly, you are urged to consult your tax advisor regarding the United States federal income tax consequences of owning the senior notes.

The remainder of this discussion assumes that the senior notes will be treated as contingent payment debt instruments subject to the contingent payment debt regulations for United States federal income tax purposes.

**U.S. Holders**

The following is a summary of the United States federal income tax consequences that will apply to you if you are a U.S. holder of senior notes. Certain consequences to "non-U.S. holders" of senior notes are described under " Non-U.S. Holders" below. You are a "U.S. holder" if you are a holder of senior notes, and you are:

an individual citizen or resident of the United States as determined for federal income tax purposes;

a corporation (or any entity treated as corporation for United States federal tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof or therein;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust that (1) is subject to the supervision of a court within the United States and the control of one or more United States persons or (2) has a valid election in effect under applicable Treasury Regulations to be treated as a United States person.

**Interest Income**

Under the contingent payment debt regulations, each year a U.S. holder will be required to include in income original issue discount adjusted in the manner described below, regardless of its usual method of tax accounting. Such original issue discount will be based on the comparable yield of the senior notes. This amount will differ from the interest payments actually received by such holder. The comparable yield

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is generally the rate at which we would issue a fixed rate noncontingent debt instrument with terms and conditions similar to the senior notes.

Pursuant to the contingent payment debt regulations, we were required to provide the comparable yield and, solely for tax purposes, were also required to provide a projected payment schedule with respect to the senior notes. We determined, as of the issue date of the senior notes, that the comparable yield was an annual rate of 4.80%, compounded quarterly. Based on the comparable yield, the projected payments for the senior notes are \$0.37 for each quarter ending after August 16, 2005 and prior to the maturity date and \$25.37 at maturity (which includes the stated principal amount of the senior notes as well as the final projected interest payment).

We have been using and expect to continue to use the foregoing comparable yield and projected payment schedule for purposes of determining our own taxable income and for any required information reporting. U.S. holders are generally bound by the comparable yield and projected payment schedule provided by us unless either is unreasonable. If a U.S. holder of senior notes does not use this comparable yield and projected payment schedule to determine interest accruals, such U.S. holder must apply the contingent payment debt rules using its own comparable yield and projected payment schedule. A U.S. holder that uses its own comparable yield or projected payment schedule must explicitly disclose this fact and the reason why it has used its own comparable yield or projected payment schedule. In general, this disclosure must be made on a statement attached to the timely filed United States federal income tax return of the U.S. holder for the taxable year that includes the date of its acquisition of the senior notes.

The comparable yield and the projected payment schedule are not provided for any purpose other than the determination of a holder's interest accruals and adjustments thereof in respect of the senior notes and do not constitute a representation regarding the actual amount of the payment on a senior note.

The amount of original issue discount on a senior note for each accrual period is determined by multiplying the comparable yield of the senior note, adjusted for the length of the accrual period, by the senior note's adjusted issue price at the beginning of the accrual period, determined in accordance with the rules set forth in the contingent payment debt regulations. The adjusted issue price of each senior note as of the remarketing date is \$25.57 per \$25 principal amount. The adjusted issue price of each senior note at the beginning of each subsequent accrual period equals \$25.57, increased by the original issue discount previously accrued on the senior note starting from the remarketing date (disregarding any adjustments described below) and decreased by the payments projected to be made on the senior note through the beginning of the accrual period and starting from the remarketing date. The amount of original issue discount so determined is then allocated on a ratable basis to each day in the accrual period that a holder held the senior note.

Based on the reset rate of \_\_\_\_\_%, actual payments on the senior notes, per \$25 principal amount, will be approximately \$\_\_\_\_\_ for each quarterly payment date ending after August 16, 2005, and the differences between the actual payments and the projected payments should be taken into account by a U.S. holder as a "negative adjustment" (i.e. decrease) or "positive adjustment" (i.e. increase), as appropriate, in interest income in a reasonable manner over the period to which they relate. We expect to account for any such difference with respect to a period as a negative or positive adjustment in the accrual of interest for that period. You are not required to use the same method to account for the differences between the actual payments and the projected payments so long as you make the adjustments in a reasonable manner.

In addition, if a U.S. holder purchases a senior note for an amount that differs from the adjusted issue price of the senior note at the time of purchase, such holder will be required to reasonably allocate such difference to daily portions of original issue discount over the remaining term of the senior notes, which will result in an adjustment to the amount of original issue discount that will be accrued on the senior notes in the relevant period. Adjustments will cause, as the case may be, a positive or negative adjustment to a holder's original issue discount inclusion. If the purchase price of a senior note is less than its adjusted issue price, a positive adjustment will result, and if the purchase price is more than the adjusted issue price of a senior note, a negative adjustment will result. Any negative or positive adjustment of the kind described above made by a holder will decrease or increase, respectively, its basis in the senior note.

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Assuming a U.S. holder follows the method for accounting for adjustment described above, the net effect of the foregoing is that the U.S. holder will accrue interest on a senior note for United States federal income tax purposes in a manner that generally reflects the yield to maturity of the senior note. In other words, the amount of income that you will recognize in respect of the senior notes should correspond to the economic accrual of income on the senior notes to you.

Certain U.S. holders will receive IRS Forms 1099-OID reporting interest accruals on their senior note. Those forms may not, however, reflect the effect of any positive or negative adjustments resulting from such holder's purchase of the senior note in the remarketing or otherwise at a price that differs from its adjusted issue price on the date of purchase. Each U.S. holder is urged to consult its tax advisor as to whether, and how, such adjustments should be made to the amounts reported on any IRS Form 1099-OID.

### ***Adjusted Tax Basis of the Senior Notes; Additional Potential Adjustments***

Your initial adjusted tax basis in a senior note acquired by you in the remarketing will equal the amount that you pay for the senior note. Your adjusted tax basis in the senior notes during any accrual period following the remarketing will be (x) the sum of your initial adjusted tax basis in the senior notes and any interest previously accrued on such senior notes starting from the remarketing date (disregarding any positive or negative adjustments, other than those described immediately below) minus (y) the total amount of the projected payments on the senior note for all previous accrual periods starting from the remarketing date.

If your initial adjusted tax basis in a senior note acquired in the remarketing differs from the adjusted issue price of such senior note on the date of your purchase, you will be required to make additional negative or positive adjustments to interest accrued in each period. You will take into account any difference between your initial adjusted tax basis in the senior note and the adjusted issue price of such senior note on the date of your purchase by reasonably allocating this difference to daily portions of interest or to projected payments over the remaining term of the senior notes. If your initial adjusted tax basis in a senior note is greater than its adjusted issue price on the date of your purchase, you will take the difference into account as a negative adjustment to interest on the date the daily portion accrues or the projected payment is made. If your initial adjusted tax basis in a senior note is less than its adjusted issue price on the date of your purchase, you will take the difference into account as a positive adjustment to interest on the date the daily portion accrues or the projected payment is made. The adjusted tax basis of a senior note will be decreased by any such negative adjustments and increased by any such positive adjustments. To the extent that a negative adjustment exceeds a positive adjustment, such excess is a net negative adjustment that is not subject to the two percent floor limitation imposed on miscellaneous itemized deductions under Section 67 of the Code.

Upon accruing interest income based on the comparable yield of 4.80% and making positive and negative adjustments that reflect the actual reset rate as described above under "Interest Income" and the possible difference between your initial adjusted tax basis in the senior note and its adjusted issue price on the date of your purchase as described in the preceding paragraph, the amount of income that you will recognize in respect of the senior notes generally should correspond to the economic accrual of income on the senior notes to you and the amount of income you would have recognized if the senior notes were not subject to the contingent payment debt regulations.

### ***Sale, Exchange or Other Disposition of the Senior Notes***

Upon a sale, exchange or other disposition of a senior note, you will generally recognize gain or loss equal to the difference between the amount realized on the disposition and your adjusted tax basis in the senior note. Such gain or loss generally will be capital gain or loss (except to the extent of any positive adjustment that you have not yet accrued and included in income, which will be treated as interest income) and generally will be long-term capital gain or loss if you held the senior note for more than one year immediately prior to such disposition. However, the capital gain or loss treatment of such gain or loss is not free from doubt. It is possible that gain and, to some extent, loss recognized on the sale, exchange or other disposition of a senior note that occurs during the six-month period following the date the interest rate is reset may be treated as ordinary income or loss unless no further payments are due during the remainder of such six-month period. Long-term capital gains of individuals are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

## Non-U.S. Holders

The following discussion applies to you if you are a holder of senior notes that is not a U.S. holder (a "Non-U.S. holder"). Special rules may apply to you if you or your direct or indirect owners are a "controlled foreign corporation," "passive foreign investment company," or are otherwise subject to special treatment under the Code. If you are or may be subject to these special rules, you should consult your tax advisor to determine the particular United States federal, state and local and other tax consequences that would apply to you.

All payments on a senior note made to you and any gain realized on a sale, exchange or other disposition of a senior note will be exempt from United States federal income and withholding tax, provided that:

you do not own, actually or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote;

you are not a controlled foreign corporation related, directly or indirectly, to us through stock ownership;

you are not a bank receiving certain types of interest;

you have fulfilled the certification requirement described below;

such payments are not effectively connected with the conduct by you of a trade or business in the United States; and

in the case of gain realized on the sale, exchange or other disposition of a senior note, if you are a nonresident alien individual, you are not present in the United States for 183 or more days in the taxable year of the disposition where certain other conditions are met.

The certification requirement referred to above will be fulfilled if you certify to us on IRS Form W-8BEN or other applicable form, under penalties of perjury, that you are not a United States person for federal income tax purposes and provide your name and address.

If you are engaged in a trade or business in the United States, and if payments on a senior note are effectively connected with the conduct of this trade or business, you will generally be taxed in the same manner as a U.S. holder (see " U.S. Holders" above), except that you will be required to provide a properly executed IRS Form W-8ECI in order to claim an exemption from withholding tax. You should consult your tax advisor with respect to other tax consequences of the ownership of the senior notes, including the possible imposition of a 30% branch profits tax (or lower applicable income tax treaty rate).

## Information Reporting and Backup Withholding

If you are a U.S. holder, information reporting requirements generally will apply to all payments we make to you and to the proceeds paid to you from a sale of senior notes, unless you are an exempt recipient (such as a corporation). If you are not an exempt recipient, backup withholding tax will apply to those payments if you fail to provide a taxpayer identification number or a certification of exempt status, or if you fail to report interest income in full.

If you are a Non-U.S. holder, we must report annually to the IRS and to you the amount of payments we make to you and the tax withheld with respect to such payments, regardless of whether withholding is required. Copies of the information returns reporting such payments and withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty. In general, you will not be subject to backup withholding regarding payments we make to you provided that we do not have actual knowledge or reason to know that you are a United States person and we have received from you the statement described above under " Non-U.S. Holders" or an acceptable substitute. In addition, you will be subject to information reporting and, depending on the circumstances, backup withholding with respect to the proceeds of the sale of a senior note made within the United States or conducted through a United States-related intermediary, unless the payor receives the statement described above and does not have actual knowledge or reason to know that you are a U.S. holder, or you otherwise establish an exemption.

Regardless of whether you are a U.S. holder or a Non-U.S. holder, any amounts withheld under the backup withholding rules will be allowed as a credit against your United States federal income tax liability and may entitle you to a refund, provided that you timely furnish the required information to the IRS.



### CERTAIN ERISA CONSIDERATIONS

Each fiduciary of a pension, profit-sharing or other employee benefit plan subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), (a "Plan") should consider the fiduciary standards of ERISA in the context of the Plan's particular circumstances before authorizing an investment in the senior notes. Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA and would be consistent with the documents and instruments governing the Plan.

In addition, we and certain of our subsidiaries and affiliates may each be considered a "party in interest" within the meaning of ERISA, or a "disqualified person" within the meaning of the Internal Revenue Code of 1986, as amended (the "Code"), with respect to many Plans, as well as many individual retirement accounts and Keogh plans (also "Plans"). Prohibited transactions within the meaning of ERISA or Section 4975 of the Code would likely arise, for example, if the senior notes are acquired by or with the assets of a Plan with respect to which we or any of our affiliates is a service provider, unless the senior notes are acquired pursuant to an exemption from the "prohibited transaction" rules. A violation of these "prohibited transaction" rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for such persons, unless exemptive relief is available under an applicable statutory or administrative exemption.

The U.S. Department of Labor has issued five prohibited transaction class exemptions ("PTCEs") that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the senior notes. Those class exemptions are PTCE 96-23 (for certain transactions determined by in-house asset managers), PTCE 95-60 (for certain transactions involving insurance company general accounts), PTCE 91-38 (for certain transactions involving bank collective investment funds), PTCE 90-1 (for certain transactions involving insurance company separate accounts) and PTCE 84-14 (for certain transactions determined by independent qualified asset managers).

Because we may be considered a party in interest with respect to many Plans, the senior notes may not be purchased or held by any Plan, any entity whose underlying assets include "plan assets" by reason of any Plan's investment in the entity (a "Plan Asset Entity") or any person investing "plan assets" of any Plan, *unless* such purchaser or holder is eligible for exemptive relief, including relief available under PTCE 96-23, 95-60, 91-38, 90-1 or 84-14 or its purchase, holding and disposition is and will be otherwise not prohibited. Any purchaser, including any fiduciary purchasing on behalf of a Plan, or holder of the senior notes will be deemed to have represented, in its corporate and fiduciary capacity, by its purchase and holding thereof that it either (a) is not a Plan or a Plan Asset Entity and is not purchasing the senior notes on behalf of or with "plan assets" of any Plan or (b) is eligible for exemptive relief with respect to its purchase, holding and disposition of the senior notes or such purchase, holding or disposition is not and will not be prohibited by ERISA or Section 4975 of the Code.

Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries or other persons considering purchasing the senior notes on behalf of or with "plan assets" of any Plan consult with their counsel regarding the availability of exemptive relief under PTCE 96-23,95-60,91-38, 90-1 or 84-14.

Certain plans that are not subject to ERISA, including plans maintained by state and local governmental entities, are nonetheless subject to investment restrictions under the terms of applicable local law. Such restrictions may preclude the purchase of the senior notes and any such plan purchasing the senior notes will be deemed to have represented that its purchasing, holding and disposition of the senior notes will not violate any applicable law.



**REMARKETING**

The remarketing is being conducted under the terms and subject to the conditions contained in a remarketing agreement, dated as of August 1, 2005, among us, Citigroup Global Markets Inc., Deutsche Bank Securities, Inc., Goldman, Sachs & Co. and Merrill Lynch, Pierce, Fenner and Smith Incorporated, as remarketing agents, and JPMorgan Trust Company, N.A., as warrant agent and attorney-in-fact for holders of the Equity Units. The remarketing agreement requires the remarketing agents to use their reasonable efforts to remarket the senior notes at a price equal to approximately (but not less than) 100.50% of the treasury portfolio purchase price.

On August 11, 2005, the remarketing agents will reset the rate of interest payable on the senior notes at the rate that the senior notes should bear in order for the remarketed senior notes to have an approximate aggregate market value on the reset date of 100.50% of the treasury portfolio purchase price. The reset rate will in no event exceed the maximum rate permitted by applicable law.

The proceeds from the remarketing of the senior notes will be \$ \_\_\_\_\_, before deduction of the remarketing agents' fee. We will not receive any proceeds of the remarketing. Instead, a portion of the proceeds from the remarketing of senior notes equal to the treasury portfolio purchase price of \$ \_\_\_\_\_ will be applied to purchase the treasury portfolio, which will be pledged to secure the obligations of holders of Corporate Units under the warrants to purchase shares of our common stock on November 16, 2005. The remarketing agents will retain a remarketing fee not exceeding 0.25% of the treasury portfolio purchase price from the proceeds of the remarketing. Corporate Unit holders will not otherwise be responsible for the payment of any remarketing fees in connection with the remarketing. See "Use of Proceeds" in this remarketing prospectus supplement.

The remarketing agents shall have no obligation to purchase any of the senior notes.

The remarketing agreement provides that the remarketing is subject to customary conditions precedent, including the delivery of officers' certificates and legal opinions. The proceeds of the remarketing will be used in the manner described under "Use of Proceeds."

The senior notes are not listed on any national securities exchange and have no established trading market. The remarketing agents have advised us that they intend to make a market in the senior notes, but they have no obligation to do so and may discontinue market making at any time without providing any notice. No assurance can be given as to the liquidity of any trading market for the senior notes.

In connection with the remarketing and in compliance with applicable law, the remarketing agents may effect transactions which stabilize, maintain or otherwise affect the market price of the senior notes at levels above those which might otherwise prevail in the open market. Such transactions may include placing bids for the senior notes or effecting purchases of the senior notes for the purpose of pegging, fixing, or maintaining the price of the senior notes or reducing a short position created in connection with the remarketing. The remarketing agents are not required to engage in any of these activities and such activities, if commenced, may be discontinued at any time.

We have agreed to indemnify the remarketing agents against or to contribute to payments that the remarketing agents may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933.

The remarketing agents and their respective affiliates have in the past provided, and may in the future provide, investment banking and commercial banking services to us and our affiliates for which they have received, or will receive, customary compensation. On June 22, 2005, we entered into a \$500 million five-year revolving credit agreement with a syndicate of financial institutions, including affiliates of Citigroup Global Markets Inc. and Goldman, Sachs & Co., who will act as lenders or in certain agency capacities. In addition, we have established a commercial paper issuance program in which affiliates of Goldman, Sachs & Co. and Deutsche Bank Securities Inc. will act as dealers and in certain agency capacities.

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Additionally, an affiliate of Goldman, Sachs & Co. is a co-investor with us in Allied World Assurance Holdings, Ltd., an affiliate of Merrill Lynch, Pierce, Fenner & Smith Incorporated serves as the third-party administrator of our equity compensation plans and John D. Finnegan, our President and Chief Executive Officer, is a member of the Board of Directors of Merrill Lynch & Co., Inc. and serves on such Board's Management Development and Compensation Committee and its Nominating and Corporate Governance Committee.

### LEGAL MATTERS

W. Andrew Macan, Vice President, Corporate Counsel and Secretary of The Chubb Corporation, will pass upon certain legal matters relating to the remarketing of the senior notes on behalf of Chubb and on matters of New Jersey law. Paul, Weiss, Rifkind, Wharton & Garrison LLP, New York, New York, will also pass upon certain legal matters relating to the remarketing of the senior notes on behalf of Chubb. Davis Polk & Wardwell, New York, New York, will pass upon the validity of the senior notes for the remarketing agents. Paul, Weiss, Rifkind, Wharton & Garrison LLP and Davis Polk & Wardwell will rely for matters of New Jersey law on the opinion of W. Andrew Macan.

### EXPERTS

The consolidated financial statements and schedules of The Chubb Corporation appearing in The Chubb Corporation's Annual Report (Form 10-K) for the year ended December 31, 2004 and The Chubb Corporation's management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2004, included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein and incorporated herein by reference. Such consolidated financial statements and schedules and management's assessment referred to above are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, as well as proxy statements and other information with the SEC. You may read and copy any document we file with the SEC, including the registration statement of which the accompanying prospectus is a part, at the SEC's Public Reference Room at 100 F Street, NE, Room 1580, Washington, D.C. 20549. You may obtain further information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public over the Internet at the SEC's web site at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants like us that file electronically with the SEC.

In addition, our common stock is listed on the New York Stock Exchange, and such reports and other information concerning us may also be inspected at their offices at 20 Broad Street, New York, New York 10005. Our common stock's ticker symbol is "CB."

This accompanying prospectus is part of a registration statement on Form S-3 filed by us with the SEC under the Securities Act of 1933. As permitted by SEC rules, our prospectus does not contain all of the information included in the registration statement and the accompanying exhibits filed with the SEC. You may refer to the registration statement and its exhibits for more information.

The SEC allows us to "incorporate by reference" into the accompanying prospectus the information we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of the prospectus. If we subsequently file updating or superseding information in a document that is incorporated by

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reference into the prospectus, the subsequent information will also become part of the prospectus and will supersede the earlier information.

We are incorporating by reference the following documents that we have filed with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2004;

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2005 and June 30, 2005; and

our Current Reports on Form 8-K filed on January 5, 2005, March 9, 2005, April 27, 2005 (with respect to the Item 8.01 information only), May 11, 2005 and June 23, 2005.

The preceding list supersedes and replaces the documents listed in the accompanying prospectus supplement and prospectus under the heading "Incorporation of Certain Documents by Reference."

We are also incorporating by reference into the accompanying prospectus all of our future filings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering has been completed.

You may obtain a copy of any of our filings that are incorporated by reference, at no cost, by contacting us at:

The Chubb Corporation  
15 Mountain View Road  
Warren, New Jersey 07061-1615  
Attention: Corporate Secretary  
Telephone: (908) 903-2000

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**The Chubb Corporation**  
**21,000,000 Common Stock Purchase Warrants**  
**\$525,000,000 4.00% Senior Notes Due 2007**  
**in the form of**  
**7.00% Equity Units**

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We will issue 21,000,000 mandatorily exercisable warrants to purchase our common stock (24,000,000 mandatorily exercisable warrants if the underwriters exercise their over-allotment option in full) and \$525,000,000 aggregate principal amount of 4.00% senior notes due November 16, 2007 (\$600,000,000 aggregate principal amount of 4.00% senior notes if the underwriters exercise their over-allotment option in full). The warrants and senior notes will be issued together in the form of Equity Units, each of which will represent one warrant and \$25 principal amount of senior notes. After issuance, warrants and senior notes may be separated as described in this prospectus supplement.

Each warrant will obligate you to purchase from us, no later than November 16, 2005, for a settlement price of \$25 in cash, a number of shares of our common stock as described in this prospectus supplement.

We will also pay you quarterly warrant fees at a rate of 3.00% per year on the stated amount of \$25 per warrant, or \$0.75 per year, as described in this prospectus supplement.

The senior notes will initially bear interest at a rate of 4.00% per year, payable quarterly. The senior notes will be remarketed as described in this prospectus supplement. Following a successful remarketing, the interest rate on the senior notes may be reset.

All of the Equity Units will be issued as Corporate Units. Unless you separate your senior note from your warrant by substituting Treasury securities for your senior note, your Equity Unit will remain a Corporate Unit.

If the senior notes are remarketed successfully before the third business day immediately preceding November 16, 2005, or if a special event redemption described in this prospectus supplement occurs before November 16, 2005, the senior notes represented by the Corporate Units will be replaced by the Treasury portfolio described in this prospectus supplement.

You can create Treasury Units from Corporate Units by substituting Treasury securities for the senior notes or your applicable ownership interest in the Treasury portfolio represented by the Corporate Units, and you can recreate Corporate Units by substituting senior notes or your applicable ownership interest in the Treasury portfolio for the Treasury securities represented by the Treasury Units.

The senior notes or, if substituted for the senior notes, the Treasury securities or your applicable ownership interest in the Treasury portfolio, as the case may be, will be pledged to us to secure your obligation under the related warrant.

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We will apply to list the Corporate Units on the New York Stock Exchange, but no assurances can be given that the application for listing will be approved. Our common stock is traded on the New York Stock Exchange under the symbol "CB." On November 25, 2002, the reported last sale price of our common stock on the New York Stock Exchange was \$56.64 per share.

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**Investing in the Equity Units involves risks. See "Risk Factors" beginning on page S-15 of this prospectus supplement.**

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	<b>Per Corporate Unit</b>	<b>Total</b>
Public offering price.	\$ 25.00	\$ 525,000,000

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	<u>Per Corporate Unit</u>	<u>Total</u>
Underwriting discounts and commissions	\$ 0.75	\$ 15,750,000
Proceeds, before expenses, to Chubb	\$ 24.25	\$ 509,250,000

The underwriters may also purchase up to an additional 3,000,000 Corporate Units at the public offering price less the underwriting discounts and commissions within a 13 day period beginning on the date of first issuance of the Corporate Units in order to cover over-allotments, if any.

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

The Corporate Units will be ready for delivery on or about December 2, 2002.

***Joint Book-Running Managers***

**Goldman, Sachs & Co.**

**Salomon Smith Barney**

**Credit Suisse First Boston**

**Deutsche Bank Securities**

**Merrill Lynch & Co.**

The date of this prospectus supplement is November 25, 2002

## SUMMARY

*This summary highlights certain information incorporated by reference or appearing elsewhere in this prospectus supplement or the accompanying prospectus. As a result, it is not complete and does not contain all of the information that you should consider before purchasing our warrants and senior notes. You should read the following summary in conjunction with the more detailed information contained in this prospectus supplement. References to "Chubb" are to The Chubb Corporation. Unless the context otherwise requires, references to "we," "us" and "our" refer to The Chubb Corporation and its consolidated subsidiaries.*

### The Chubb Corporation

Chubb was incorporated as a business corporation under the laws of the State of New Jersey in June 1967. The Chubb Corporation is a holding company for a family of property and casualty insurance companies known informally as the Chubb Group of Insurance Companies ("Chubb Group"). Since 1882, the Chubb Group has provided property and casualty insurance to businesses and individuals around the world. At December 31, 2001, we had total assets of \$29.4 billion and shareholders' equity of \$6.5 billion. A.M. Best ranks the Chubb Group 13th among U.S. property/casualty operations based on 2001 net written premiums. With more than 12,000 employees in 134 offices in 31 countries, the Chubb Group serves commercial and personal customers through 5,000 independent agents and brokers worldwide.

Our property and casualty operations are divided into three strategic business units. Chubb Commercial Insurance offers a full range of commercial customer insurance products, including coverage for multiple peril, casualty, workers' compensation and property and marine. Chubb Commercial Insurance is known for writing niche business, where our expertise can add value for our agents, brokers and policyholders. Chubb Specialty Insurance offers a wide variety of specialized executive protection and professional liability products for privately and publicly owned companies, financial institutions, professional firms and healthcare organizations. Chubb Personal Insurance offers products for individuals with fine homes and possessions who require more coverage choices and higher limits than standard insurance policies.

In addition to our three strategic insurance business units, in 2000 we organized Chubb Financial Solutions to engage in developing and providing risk-financing services through the capital and insurance markets.

Our principal executive offices are located at 15 Mountain View Road, Warren, New Jersey 07061-1615, and our telephone number is (908) 903-2000.

### Recent Developments

*Asbestos-Related Loss Reserves.* In the third quarter of 2002, our actuaries and outside actuarial consultants commenced their periodic ground-up exposure based analysis of our asbestos-related liabilities. As part of this analysis, they considered the significant increase in the number of peripheral defendants in recent years; the increase in the volume of claims and size of awards, particularly for plaintiffs who claim exposure but who have no symptoms of asbestos related disease; and the increase in claims filed under the non-aggregate premises or operations section of general liability policies. Upon completion of the analysis and assessment of the results, our loss reserves were increased by \$625 million.

*Rating Agency Actions.* Several of the principal credit rating agencies have recently taken the following actions with respect to our credit ratings:

On October 16, 2002, A. M. Best reaffirmed our ratings with stable outlook;

On October 30, 2002, Fitch lowered our financial strength, senior unsecured debt and commercial paper ratings with stable outlook;

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On November 6, 2002, Standard & Poor's Ratings Services ("S&P"), while reaffirming our financial strength rating, lowered our senior debt, counterparty credit, preferred stock and commercial paper ratings with negative outlook; and

On November 21, 2002, Moody's Investors Services ("Moody's") lowered our financial strength, senior unsecured debt and preferred stock ratings with stable outlook.

The following table summarizes The Chubb Corporation's credit ratings from the major independent rating organizations as of November 22, 2002:

	<u>A.M. Best</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>	<u>Fitch</u>
Senior unsecured debt rating	aa	A+	A1	A+
Preferred stock rating	a+	A-	(P)A3	
Commercial paper	AMB-1+	A-1	P-1	F-1
Counterparty credit rating		A+		

The following table summarizes the Chubb insurance group's financial strength ratings from the major independent rating organizations as of November 22, 2002:

	<u>A.M. Best</u>	<u>Standard &amp; Poor's</u>	<u>Moody's</u>	<u>Fitch</u>
Financial Strength	A++	AA+	Aa2	AA

Credit ratings are not a recommendation to buy, sell or hold securities and may be revised or withdrawn at any time.

*Management Changes.* On November 4, 2002, we announced that John D. Finnegan, Executive Vice President of General Motors Corporation and Chairman and President of General Motors Acceptance Corporation, has been elected President, Chief Executive Officer and a Director of Chubb and will succeed Dean R. O'Hare effective December 1, 2002. In addition, we announced on that date that, as of December 1, 2002:

Our Lead Director, Joel J. Cohen, has been elected non-executive Chairman of the Board;

Executive Vice President and Chief Operations Officer Thomas F. Motamed has been promoted to Vice Chairman and Chief Operating Officer; and

President John Degnan and Executive Vice President and interim Chief Financial Officer Michael O'Reilly have been promoted to Vice Chairmen and will retain their current responsibilities.

## Summary Historical Financial Data

The following summary historical financial data for, and as of the end of, each of the five years in the period ended December 31, 2001 have been derived from Chubb's consolidated financial statements, which have been audited by Ernst & Young LLP, Chubb's independent auditors. The data as of September 30, 2002 and 2001 and for the nine months ended September 30, 2002 and 2001 have been derived from Chubb's unaudited consolidated financial statements, which include, in the opinion of Chubb's management, all adjustments, consisting of normal recurring accruals, necessary to present fairly Chubb's results of operations and financial position for the periods and dates presented. The summary financial data should be read in conjunction with Chubb's financial statements and the notes to the financial statements that are incorporated in this prospectus supplement and the accompanying prospectus by reference. Results for the nine months ended September 30, 2002 are not necessarily indicative of results for the full year.

	As of or for the Nine Months Ended September 30,		As of or for the Year Ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
(In millions, except per share amounts)							
Revenues	\$ 6,693.1	\$ 5,762.3	\$ 7,754.0	\$ 7,251.5	\$ 6,729.6	\$ 6,349.8	\$ 6,664.0
Net Income	166.3(1)	82.8(2)	111.5(3)	714.6	621.1	707.0(4)	769.5
Net Income Per Share (diluted)	\$ .96	\$ .47	\$ .63	\$ 4.01	\$ 3.66	\$ 4.19	\$ 4.39
Cash Dividends Declared per Common Share	\$ 1.05	\$ 1.02	\$ 1.36	\$ 1.32	\$ 1.28	\$ 1.24	\$ 1.16
Total Assets	\$ 32,533.5	\$ 28,226.7	\$ 29,449.0	\$ 25,026.7	\$ 23,537.0	\$ 20,746.0	\$ 19,615.6
Invested Assets	19,909.7	17,559.7	17,783.9	17,000.6	16,019.4	14,755.3	14,049.6
Unpaid Claims and Claim Expenses	16,752.6	15,094.4	15,514.9	11,904.6	11,434.7	10,356.5	9,772.5
Long-term Debt	1,353.8	755.3	1,351.0	753.8	759.2	607.5	398.6
Shareholders' Equity	6,901.4	6,645.5	6,525.3	6,981.7	6,271.8	5,644.1	5,657.1
Shareholders' Equity per Common Share	\$ 40.35	\$ 39.23	\$ 38.37	\$ 39.91	\$ 35.74	\$ 34.78	\$ 33.53

- (1) Net income has been reduced by net losses of \$625.0 million (\$406.3 million after-tax or \$2.34 per share) related to asbestos claims recognized in the third quarter.
- (2) Net income has been reduced by net costs of \$645.0 million (\$420.0 million after-tax or \$2.37 per share) related to the September 11 attack.
- (3) Net income has been reduced by net costs of \$645.0 million (\$420.0 million after-tax or \$2.39 per share) related to the September 11 attack and by net surety bond losses of \$220.0 million (\$143.0 million after-tax or \$0.81 per share) arising from the bankruptcy of Enron Corp.
- (4) Net income has been reduced by a restructuring charge of \$40.0 million (\$26.0 million after-tax or \$0.15 per share).



## The Offering

### What are we offering?

We are offering 21,000,000 mandatorily exercisable warrants to purchase our common stock (24,000,000 mandatorily exercisable warrants if the underwriters exercise their over-allotment option in full) and \$525,000,000 aggregate principal amount of 4.00% senior notes due November 16, 2007 (\$600,000,000 aggregate principal amount of 4.00% senior notes if the underwriters exercise their over-allotment option in full). We are issuing them together as 21,000,000 Corporate Units (24,000,000 Corporate Units if the underwriters exercise their over-allotment option in full). After they are issued, you can separate the senior notes from the warrants by creating Treasury Units as we describe below under "How can I create Treasury Units from Corporate Units?" Corporate Units and Treasury Units are both referred to in this prospectus supplement as Equity Units. All references in this prospectus supplement to our common stock include the rights evidenced by such common stock to the extent provided in the Rights Agreement dated as of March 12, 1999 between Chubb and First Chicago Trust Company of New York.

### What does a Corporate Unit represent?

Each Corporate Unit has a stated amount of \$25 and will represent one warrant and, initially, \$25 principal amount of our senior notes due November 16, 2007. You will own the senior note that is represented by a Corporate Unit, but it will be held by the collateral agent and pledged to us to secure your obligation under the warrant that is also represented by that Corporate Unit. If the senior notes are successfully remarketed prior to the third business day preceding November 16, 2005, or if a special event redemption occurs prior to November 16, 2005, in each case as described in this prospectus supplement, the applicable ownership interest in the Treasury portfolio described below under "What is the Treasury Portfolio?" will replace your senior notes as a component of each Corporate Unit you own and will be held by the collateral agent and pledged to us to secure your obligations under the warrant. The senior notes will not trade separately from the Corporate Units unless and until Treasury Units are created by substituting Treasury securities for senior notes, the warrants are settled early or the senior notes are remarketed.

### What are the terms of the warrants?

Each warrant represented by an Equity Unit obligates the holder of the warrant to purchase, and obligates us to sell, on November 16, 2005, which we refer to as the warrant settlement date, for a settlement price of \$25 in cash, a number of newly issued shares of our common stock equal to the "settlement rate." The settlement rate will be calculated, subject to adjustment under the circumstances set forth in "Description of the Warrants Anti-Dilution Adjustments," as follows:

if the applicable market value of our common stock is equal to or greater than \$69.10, which we refer to as the threshold appreciation price, the settlement rate will be 0.3618 shares of our common stock per warrant;

if the applicable market value of our common stock is less than the threshold appreciation price but greater than \$56.64, which we refer to as the reference price, the settlement rate will be a number of shares of our common stock per warrant equal to \$25 divided by the applicable market value; and

if the applicable market value of our common stock is less than or equal to the reference price, the settlement rate will be 0.4414 shares of our common stock per warrant.

"Applicable market value" means the average of the closing price per share of our common stock on each of the twenty consecutive trading days ending on the third trading day immediately preceding the warrant settlement date, subject to adjustment under the circumstances set forth in "Description of the Warrants Anti-Dilution Adjustments." The reference price is the reported last sale price of our common

stock on the New York Stock Exchange on the date of this prospectus supplement. The threshold appreciation price represents a 22.0% appreciation over the reference price.

**Can I settle a warrant early?**

You can settle a warrant at any time on or prior to the fifth business day immediately preceding the warrant settlement date by paying \$25 cash, in which case we will issue to you 0.3618 shares of our common stock pursuant to the warrant, subject to anti-dilution adjustments. This is the minimum number of shares deliverable per warrant on the warrant settlement date. As a result, the market price of our common stock on or before the early settlement date will not affect the number of shares received upon early settlement. In addition, if we are involved in a merger in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, you will have the right to accelerate and settle the warrant early at the settlement rate in effect immediately prior to the closing of that merger.

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect covering the shares of common stock and other securities, if any, deliverable upon settlement of a warrant. We have agreed that, if required by U.S. federal securities laws, we will use our commercially reasonable efforts to have a registration statement in effect covering those shares of common stock and other securities to be delivered in respect of the warrants being settled.

**What are Treasury Units?**

Treasury Units are units created from Corporate Units. Each Treasury Unit represents one warrant and a 2.5% undivided beneficial interest in a zero-coupon U.S. Treasury security with a principal amount of \$1,000 that matures on November 15, 2005 (CUSIP No. 912820BQ9) which we refer to as a Treasury security. You will own the interest in the Treasury security that is represented by a Treasury Unit, but it will be held by the collateral agent and pledged to us to secure your obligation under the warrant that is represented by that Treasury Unit.

**How can I create Treasury Units from Corporate Units?**

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, each holder of Corporate Units will have the right, at any time on or prior to the fifth business day immediately preceding the warrant settlement date, to substitute for the related senior notes held by the collateral agent Treasury securities in a total principal amount at maturity equal to the aggregate principal amount of the senior notes for which substitution is being made. Because Treasury securities are issued in integral multiples of \$1,000, holders of Corporate Units may make this substitution only in integral multiples of 40 Corporate Units. If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Corporate Units will have the right, at any time on or prior to the second business day immediately preceding the warrant settlement date, to substitute Treasury securities for the applicable ownership interest in the Treasury portfolio as a component of the Corporate Units, but holders of Corporate Units can only make this substitution in integral multiples of 4,000 Corporate Units. Each of these substitutions will create Treasury Units, and the applicable senior notes or applicable ownership interest in the Treasury portfolio will be released to the holder and be separately tradable from the Treasury Units.

**How can I recreate Corporate Units from Treasury Units?**

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, each holder of Treasury Units will have the right, at any time on or prior to the fifth business day immediately preceding the warrant settlement date, to substitute for the related Treasury securities held by the collateral agent, senior notes having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is being made. Because Treasury securities are issued in integral multiples of \$1,000, holders of Treasury Units may make these substitutions only in

integral multiples of 40 Treasury Units. If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Treasury Units will have the right, at any time on or prior to the second business day immediately preceding the warrant settlement date, to substitute the applicable ownership interest in the Treasury portfolio for the Treasury securities as a component of the Treasury Units, but holders of Treasury Units can only make this substitution in integral multiples of 4,000 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury securities will be released to the holder and be separately tradable from the Corporate Units.

**What payments am I entitled to as a holder of Corporate Units?**

A holder of a Corporate Unit will be entitled to receive quarterly cash distributions consisting of interest payments calculated at the rate of 4.00% per year on the \$25 senior note represented by that Corporate Unit (or distributions on the applicable ownership interest in the Treasury portfolio if the senior notes have been replaced by the Treasury portfolio) and warrant fees payable by us at the rate of 3.00% per year on the stated amount of \$25 per warrant until the earlier of the warrant settlement date and the most recent quarterly payment date on or before any early settlement of the related warrants.

**What payments am I entitled to as a holder of Treasury Units?**

Holders of Treasury Units will be entitled to receive quarterly warrant fees payable by us at the rate of 3.00% per year on the stated amount of \$25 per warrant. In addition, original issue discount will accrue on each related Treasury security. When a Treasury Unit is created, the holder of the Treasury Unit will receive the senior note that was represented by the Corporate Unit used to create the Treasury Unit. As a holder of that senior note, the Treasury Unit holder will also be entitled to receive the interest payments on that senior note, as specified below.

**Does Chubb have the option to defer current payments?**

We do not have the right to defer the payment of interest on the senior notes. We have the right to defer the payment of warrant fees until no later than the date on which your warrant is settled. Any deferred warrant fees will accrue additional warrant fees at a rate of 7.00% per year, compounded quarterly, until paid.

**What are the payment dates for the Equity Units?**

The payments described above in respect of the warrants and senior notes represented by Equity Units will be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, commencing February 16, 2003.

**What is remarketing?**

Except as described below, the senior notes held by Corporate Unit holders as part of a Corporate Unit will be remarketed on the third business day immediately preceding August 16, 2005 (the date three months prior to the warrant settlement date), which we refer to as the initial remarketing date. The remarketing agent will use its reasonable efforts to obtain a price for the remarketed senior notes approximately equal to (but not less than) 100.50% of the purchase price for the Treasury portfolio described below under "What is the Treasury Portfolio?" To obtain that price, the remarketing agent may increase or decrease the interest rate on the senior notes, as described below.

If the remarketing of the senior notes on the initial remarketing date fails or does not occur because a condition precedent, such as the registration requirement described below, is not satisfied, the senior notes will continue to be represented by Corporate Units and the remarketing agent will use its reasonable efforts to remarket the senior notes on the third business day immediately preceding September 16, 2005, which we call the second remarketing date, and on the third business day immediately preceding October 16, 2005, which we call the third remarketing date, in each case at a price approximately equal to (but not less than) 100.50% of the purchase price of the Treasury portfolio.

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Following a successful remarketing of the senior notes on any of these remarketing dates, the portion of the proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase the Treasury portfolio. The Corporate Unit holder's applicable ownership interest in the Treasury portfolio will be substituted for the senior notes as a component of the Corporate Units and will be held by the collateral agent and pledged to secure the Corporate Unit holder's obligation under the warrants. On the warrant settlement date, a portion of the proceeds from the Treasury portfolio equal to the principal amount of the senior notes will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock and proceeds from the Treasury portfolio equal to the interest payment (assuming no reset of the interest rate) that would have been due on the senior notes on November 16, 2005 will be paid to the holders of the Corporate Units.

The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the Treasury portfolio purchase price from any proceeds of the remarketing of the senior notes in excess of the Treasury portfolio purchase price. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders.

If a successful remarketing of the senior notes has not occurred on or prior to the third remarketing date, the remarketing agent will use its reasonable efforts to remarket the senior notes on the third business day immediately preceding the warrant settlement date, which we refer to as the final remarketing date, at a price of approximately 100.50% of the principal amount of the senior notes remarketed, but the remarketing on the final remarketing date will be considered successful if the resulting proceeds (net of fees and commissions, if any) are at least 100% of the aggregate principal amount of the senior notes.

If the remarketing of the senior notes on the final remarketing date is successful, a portion of the proceeds from this remarketing equal to the aggregate principal amount of the senior notes sold in the remarketing that are represented by the Corporate Units will automatically be applied to satisfy in full each Corporate Unit holder's obligations to purchase common stock under the related warrants on the warrant settlement date. The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the aggregate principal amount of the remarketed senior notes from any proceeds of the remarketing in excess of the aggregate principal amount of the senior notes remarketed. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders.

### **What happens if the senior notes are not successfully remarketed?**

If a successful remarketing of the senior notes represented by your Corporate Units has not occurred on or prior to the final remarketing date, you will have the right to put your senior notes to us for par, plus accrued and unpaid interest (whether or not the senior notes are represented by Corporate Units). In that event, unless you have delivered the settlement price in respect of the warrants represented by your Corporate Units to us in cash before the final remarketing date, you will be deemed to have exercised that put right in respect of the corresponding senior notes held as part of your Corporate Units and to have elected to apply a portion of the proceeds of the put equal to the principal amount of the senior notes against your obligations to us under the warrants, thereby satisfying such obligations in full, and we will deliver our common stock to you pursuant to the warrants.

### **Do I have to participate in the remarketing?**

If you hold Corporate Units, you may elect not to participate in any remarketing and to retain the senior notes represented by your Corporate Units by (1) creating Treasury Units at any time on or prior to the second business day prior to any of the remarketing dates or (2) if the first three remarketing attempts have failed, notifying the warrant agent of your intention to pay cash to satisfy your obligation under the related warrants on or prior to the fifth business day before the warrant settlement date and delivering the cash payment required under the warrants to the collateral agent on or prior to the fourth business day before the warrant settlement date. Following a successful remarketing prior to the third business day immediately preceding the warrant settlement date, holders of Treasury Units can recreate a Corporate

Unit, at any time prior to the second business day immediately preceding the warrant settlement date, as described under "How can I recreate Corporate Units from Treasury Units?"

**What is the Treasury portfolio?**

If there is a successful remarketing prior to the third business day preceding the warrant settlement date or if a special event redemption described under "Description of the Senior Notes Optional Redemption Special Event" occurs prior to the warrant settlement date, the senior notes will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to November 16, 2005 in an aggregate amount equal to the principal amount of the senior notes represented by the Corporate Units, and

either:

(1) in the case of a successful remarketing prior to the third business day preceding the warrant settlement date, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to November 16, 2005 in an aggregate amount equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been due on November 16, 2005 on the principal amount of the senior notes represented by the Corporate Units, or

(2) in the case of a special event redemption, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the business day immediately preceding each scheduled interest payment after the date of the special event redemption and on or prior to the warrant settlement date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been due on such interest payment date on the principal amount of the senior notes represented by the Corporate Units.

**If I am holding a senior note as a separate security from the Corporate Units, can I still participate in a remarketing of the senior notes?**

Holders of senior notes that are not represented by the Corporate Units may elect, in the manner described in this prospectus supplement, to have their senior notes remarketed by the remarketing agent along with the senior notes represented by the Corporate Units. See "Description of the Senior Notes Optional Remarketing." Such holders may also participate in any remarketing by recreating Corporate Units from their Treasury Units at any time on or prior to the second business day immediately prior to any of the remarketing dates.

**Besides participating in a remarketing, how else can I satisfy my obligation under the warrants?**

Holders of Corporate Units or Treasury Units may also satisfy their obligations, or their obligations will be terminated, under the warrants as follows:

through early settlement as described under "Can I settle a warrant early?" above;

through the automatic application of the proceeds of the Treasury securities in the case of the Treasury Units or the Treasury portfolio in the case of Corporate Units if the Treasury portfolio has replaced the senior notes as a component of the Corporate Units;

if the first three remarketing attempts have failed, through cash settlement prior to the final remarketing date in the case of holders of Corporate Units, by notifying the warrant agent on or prior to the fifth business day prior to November 16, 2005 and delivering the cash payment required under the related warrants on or prior to the fourth business day immediately prior to November 16, 2005;

through the exercise of your right to put the senior notes to us at par, plus accrued and unpaid interest, and the application of a portion of the proceeds of the put equal to the principal amount of the senior notes against your obligation to us under the warrants; or

without any further action, upon the termination of the warrants as a result of our bankruptcy, insolvency or reorganization.

If the holder of a Corporate Unit or Treasury Unit settles the related warrant early, or if the holder's warrant is terminated as a result of our bankruptcy, insolvency or reorganization, such holder will have no right to receive any accrued warrant fees. See "Description of the Warrants Early Settlement upon Cash Merger."

**What interest payments will I receive on the senior notes?**

Interest on the senior notes will be payable quarterly in arrears initially at the annual rate of 4.00% per annum to, but excluding, the reset effective date, which will be the third business day following the date on which a remarketing of the senior notes is successfully completed. Following a reset of the interest rate, interest will be payable on the senior notes at the reset rate from and including the reset effective date to, but excluding, November 16, 2007. If there is not a successful remarketing of the senior notes, the interest rate will not be reset and the senior notes will continue to bear interest at the initial interest rate.

**What are the interest payment dates on the senior notes?**

The interest payment dates on the senior notes are February 16, May 16, August 16 and November 16 of each year, commencing February 16, 2003 and ending on the maturity date of the senior notes.

**When will the interest rate on the senior notes be reset and what is the reset rate?**

Unless a special event redemption has occurred, the interest rate on the senior notes may be reset on the date of a successful remarketing and the reset rate will become effective three business days thereafter. The reset rate will be the interest rate determined by the remarketing agent as the rate the senior notes should bear in order for the senior notes represented by the Corporate Units to have an approximate aggregate market value on the remarketing date of approximately (but not less than) 100.50% of the Treasury portfolio purchase price, in the case of a remarketing prior to the final remarketing date, or approximately 100.50% of the aggregate principal amount of the senior notes (but not less than 100% of that amount plus fees and commissions, if any), in the case of the final remarketing. The interest rate on the senior notes will not be reset if there is not a successful remarketing. The reset rate may not exceed the maximum rate, if any, permitted by applicable law.

**When may the senior notes be redeemed?**

The senior notes are redeemable at our option, in whole but not in part, upon the occurrence and continuation of a tax event or an accounting event at any time prior to the earlier of the date of a successful remarketing and the warrant settlement date, as described in this prospectus supplement under "Description of the Senior Notes Optional Redemption Special Event." Following any such redemption of the senior notes, which we refer to as a special event redemption, the redemption price for the senior notes that are represented by Corporate Units will be paid to the collateral agent, which will purchase the Treasury portfolio and remit any remaining proceeds to the holders. Thereafter, the applicable ownership interest in the Treasury portfolio will replace the senior notes as a component of the Corporate Units and will be held by the collateral agent and pledged to secure your obligations under the related warrants. Holders of senior notes that are not represented by Corporate Units will receive the redemption price paid in such special event redemption.

**What is the ranking of the senior notes?**

The senior notes will rank equally with all of our other unsecured and unsubordinated obligations. The indenture under which the senior notes will be issued will not limit our ability to issue or incur other debt or issue preferred stock. See "Description of Debt Securities" in the accompanying prospectus.

**What are the U.S. federal income tax consequences related to ownership of the Equity Units and senior notes?**

By purchasing Corporate Units in this offering, you will agree for U.S. Federal income tax purposes to treat each Corporate Unit as a unit consisting of a senior note and a warrant. In addition, you will agree to treat the senior notes as our indebtedness for all tax purposes, and to treat the warrants as forward contracts in respect of our common stock for all tax purposes. You must allocate the purchase price of the Corporate Units between the senior notes and the warrants in proportion to their respective fair market values, which will establish your initial tax basis in each of those securities. We expect to report the fair market value of each senior note as \$25 and the fair market value of each warrant as \$0.00.

For U.S. federal income tax purposes, we intend to take the position that the senior notes are contingent payment debt instruments subject to the "noncontingent bond method" of accruing original issue discount, and, under the senior notes indenture, you will agree to take that position. As discussed more fully under "United States Federal Income Tax Senior Notes Original issue discount," the effects of this method will be (1) to require you for all accrual periods through August 16, 2005 (and possibly thereafter) to accrue interest in excess of distributions actually received by you regardless of your method of accounting and (2) generally to result in ordinary rather than capital treatment of any gain or loss on the sale, exchange or disposition of the Equity Units to the extent attributable to the senior notes, with the result that such ordinary income may not be offset against capital loss, if any, attributable to a warrant.

Because there is no statutory, judicial or administrative authority directly addressing the tax treatment of Equity Units or instruments similar to Equity Units, you are urged to consult your own tax advisor concerning the tax consequences of an investment in Equity Units. For additional information, see "United States Federal Income Tax."

**Will the Equity Units be listed on a stock exchange?**

We will apply to list the Corporate Units on the New York Stock Exchange, but no assurances can be given that the application for listing will be approved. Neither the Treasury Units nor the senior notes will initially be listed; however, in the event that either of those securities is separately traded to a sufficient extent that applicable exchange listing requirements are met, we also will attempt to cause those securities to be listed.

**What are the rights and privileges of the holders of common stock?**

The shares of our common stock that you will be obligated to purchase under the warrants have one vote per share. For more information, please see the discussion of our common stock in the accompanying prospectus under the heading "Description of Capital Stock."

**What are the uses of proceeds from the offering?**

We intend to use the net proceeds from the sale of the Corporate Units for general corporate purposes, including capital contributions to our subsidiaries. See "Use of Proceeds" in this prospectus supplement.

**THE OFFERING EXPLANATORY DIAGRAMS**

The following diagrams demonstrate some of the key features of the warrants, senior notes, Corporate Units and Treasury Units, and the transformation of Corporate Units into Treasury Units and senior notes.

The following diagrams assume that the senior notes are successfully remarketed, the interest rate on the senior notes is reset on the date that is three months before the warrant settlement date, the settlement rate is not adjusted and early settlement does not apply.

**Warrants**

Corporate Units and Treasury Units both represent in part a warrant under which the holder agrees to purchase shares of our common stock on the warrant settlement date. In addition, these warrants include unsecured warrant fees as shown in the diagrams on the following pages.

**Value of Shares Delivered  
Upon Settlement of a Warrant**

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**Number of Shares Delivered  
Upon Settlement of a Warrant**

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Notes:

- (1) The reference price is the reported last sale price of our common stock on the New York Stock Exchange on the date of this prospectus supplement.
- (2) The threshold appreciation price represents a 22.0% appreciation over the reference price.
- (3) The "applicable market value" means the average of the closing price per share of our common stock on each of the twenty consecutive trading days ending on the third trading day immediately preceding the warrant settlement date.
- (4) If the applicable market value of our common stock is less than or equal to the reference price of \$56.64, the number of shares of our common stock to be delivered to a holder of a warrant will be calculated by dividing the stated amount of \$25 by the reference price.
- (5)



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If the applicable market value of our common stock is between the reference price and the threshold appreciation price of \$69.10, the number of shares of our common stock to be delivered to a holder of a warrant will be calculated by dividing the stated amount by the applicable market value.

(6)

If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered to a holder of a warrant will be calculated by dividing the stated amount by the threshold appreciation price.

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**Corporate Units**

A Corporate Unit represents two components as described below:

The holder of a Corporate Unit owns the senior note that is represented by the Corporate Unit but will pledge the senior note to us to secure its obligation under the related warrant.

The foregoing analysis assumes that the senior notes are successfully remarketed on the third business day immediately preceding August 16, 2005. Following such a remarketing of the senior notes, the applicable ownership interest in the Treasury portfolio would replace the senior notes as a component of the Corporate Units, and holders of the Corporate Units would receive a quarterly payment on November 16, 2005 at the same annual rate as was paid on the senior notes prior to the remarketing.

If the Treasury portfolio has replaced the senior notes as a result of a special event redemption prior to November 16, 2005, the applicable ownership interest in the Treasury portfolio would also replace the senior note as a component of the Corporate Unit.

**Treasury Units**

A Treasury Unit represents two components as described below:

The holder owns the Treasury security that is represented by the Treasury Unit but will pledge the Treasury security to us through the collateral agent to secure its obligations under the related warrant. Unless the warrant is terminated as a result of our bankruptcy, insolvency or reorganization or the holder recreates a Corporate Unit, the Treasury security will be used to satisfy the holder's obligation under the related warrant.

Treasury Units can only be created with integral multiples of 40 Corporate Units.

**Senior Notes**

Senior notes have the terms described below:

**Transforming Corporate Units into Treasury Units and Senior Notes**

To create a Treasury Unit, a holder separates a Corporate Unit into its components the warrant and the senior note, and then combines the warrant with a Treasury security that matures on the day immediately preceding the warrant settlement date.

The Treasury security together with the warrant constitutes a Treasury Unit. The senior note, which is no longer represented by the Corporate Unit, is released to the holder and is tradable as a separate security.

A holder owns the Treasury security that is represented by the Treasury Unit but will pledge the Treasury security to us through the collateral agent to secure its obligation under the related warrant.

Following the successful remarketing of the senior notes or a special event redemption, the applicable ownership interest in the Treasury portfolio, rather than the senior note, will be released to the holder upon the transformation of a Corporate Unit into a Treasury Unit and will be tradable separately.

The holder can also transform Treasury Units and senior notes (or, following a successful remarketing of the senior notes or a special event redemption, the applicable ownership interest in the Treasury portfolio) into Corporate Units. Following that transformation, the Treasury security, which will no longer be represented by the Treasury Unit, will be released to the holder and will be tradable as a separate security.

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the transformation of Corporate Units into Treasury Units requires integral multiples of 40 Corporate Units, and the transformation of Treasury Units into Corporate Units also requires multiples of 40 Treasury Units. If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the transformation of Corporate Units into Treasury Units requires integral multiples of 4,000 Corporate Units, and the transformation of Treasury Units into Corporate Units requires integral multiples of 4,000 Treasury Units.

## RISK FACTORS

*In considering whether to purchase the warrants and senior notes, you should carefully consider all of the information that we have included in or incorporated by reference into this prospectus supplement and the accompanying prospectus. In particular, you should carefully consider the risk factors described below. Because the warrants and senior notes are being offered together as Corporate Units, you are making an investment decision with regard to our common stock and our senior notes. You should carefully review the information in this prospectus supplement and the accompanying prospectus about both of these securities.*

### Risks Relating to Our Business

#### **Payment of obligations under gas forward purchase surety bonds would adversely affect our results of operations.**

We have in force several gas forward purchase surety bonds. The total amount of bonds with one principal, Aquila, Inc., is \$550 million. These bonds are uncollateralized. The combined amount of all other gas forward surety bonds is approximately \$250 million. Approximately \$140 million of these bonds are uncollateralized. There is currently no reinsurance in place covering our obligations under any of these bonds.

These bonds are similar to some of the bonds that we issued on behalf of Enron Corp. on which payment was triggered by Enron's bankruptcy in December 2001. Under the gas forward purchase surety bond structure, gas suppliers entered into long-term gas purchase agreements pursuant to which they agreed to supply specified quantities of gas to the beneficiaries under our surety bonds. In exchange for the gas purchase agreement, the beneficiaries under our surety bonds made an agreed upon advance payment for the gas. Our surety bonds secure the suppliers' obligation to supply gas. Under the terms of these bonds, our entire obligation to pay could be triggered if the related supplier failed to provide gas under its forward purchase contracts or was the subject of a bankruptcy filing.

Certain of these suppliers, including Aquila, Inc., have suffered ratings downgrades. Although each of the suppliers continues to perform its obligations under the related gas forward purchase agreements, if payment under the Aquila surety bonds were triggered or if payment under all of the other gas forward surety bonds were triggered, such payments would have a material adverse effect on our results of operations.

#### **Our loss reserves relating to the September 11 terrorist attack are subject to considerable uncertainty.**

We estimate that our gross claims and claim expenses from the September 11 attack were about \$3 billion. Our net claims and claim expenses were about \$665 million due to various reinsurance agreements. Business interruption claims from the September 11 attack will take some time to resolve, while potential liability claims could take years to settle. In addition, certain of our reinsurers are questioning our interpretation and/or application of some provisions of our property per risk reinsurance agreements. The questions that have been raised generally involve the applicable limit of reinsurance coverage available to us, the definition of what constitutes one risk, our accumulation of exposure in the various buildings destroyed or damaged and our adherence to our underwriting guidelines. Our loss reserves related to the September 11 attack are subject to considerable uncertainty. It is possible that our estimate of ultimate gross losses related to the September 11 attack, as well as our estimate of the collectibility of reinsurance recoverables related to the attack, may change in the future and that the change in estimate could have a material effect on our results of operations.

#### **Results of Chubb Financial Solutions are subject to volatility from period to period.**

Since its inception in 2000, Chubb Financial Solutions' non-insurance operations have been primarily in the credit derivatives business, principally as a counterparty in portfolio credit default swap contracts.

These contracts generally require Chubb Financial Solutions to make payment to a counterparty to the extent cumulative losses on a portfolio of securities, loans or other debt obligations exceed a specified amount. The credit default swaps are carried at estimated fair value in our financial statements, with changes in fair value reflected in income in the period of the change. The fair value of our obligations under our credit default swaps depends in part on credit spreads and interest rate levels. The non-insurance business of Chubb Financial Solutions produced a loss before taxes of \$55.9 million in the first nine months of 2002 and \$40.4 million in the third quarter, mostly due to mark-to-market adjustments. The increase in the fair value of our obligations related to the credit default swaps was primarily caused by a substantial widening of market credit spreads. Thus, income/loss from Chubb Financial Solutions is subject to volatility from period to period and can create volatility in our reported earnings.

**We may incur additional losses if our property-liability loss reserves are insufficient.**

The process of establishing loss reserves is complex and imprecise as it reflects significant judgmental factors. This is true because claim settlements to be made in the future will be impacted by changing rates of inflation and other economic conditions, changing legislative, judicial and social environments and any changes in our claim handling procedures.

We use a variety of actuarial methods to estimate loss reserves. These methods generally utilize analyses of historical patterns of the development of paid and reported losses by accident year for each class of business. This process relies on the basic assumption that past experience, adjusted for the effects of current developments and likely trends, is an appropriate basis for predicting future outcomes.

Our loss reserves include amounts related to short tail and long tail classes of business. Short tail classes consist principally of homeowners, personal valuables and commercial property business. For these classes, the estimation of loss reserves is less complex because claims are generally reported and settled quickly and the claims relate to tangible property.

Long tail classes include directors and officers liability and other executive protection coverages, commercial excess liability and other liability classes. Most of our loss reserves relate to long tail liability classes of business. For many liability claims significant periods of time, ranging up to several years or more, may elapse between the occurrence of the loss, the reporting of the loss and the settlement of the claim. The longer the time span between the incidence of a loss and the settlement of the claim, the more the ultimate settlement amount can vary. For the long tail liability classes, a relatively small proportion of net losses in the more recent accident years are reported claims and an even smaller proportion are paid losses. Therefore, a relatively large proportion of our net losses for these classes are reserves for incurred but not reported losses - claims that had not yet been reported to us, some of which were not yet known to the insured, and future development on reported claims. In fact, approximately 60% of our aggregate net loss reserves at September 30, 2002 were for incurred but not reported losses.

In spite of the inherent imprecision in the loss reserving process, financial reporting requirements dictate that we and other insurance companies report a single amount as the estimate of loss reserves at each balance sheet date.

Judicial decisions and legislative actions continue to broaden liability and policy definitions and to increase the severity of claim payments. As a result of this and other societal and economic developments, the uncertainties inherent in estimating ultimate claim costs on the basis of past experience have been exacerbated, further complicating the already complex loss reserving process.

The uncertainties relating to asbestos and toxic waste claims on insurance policies written many years ago are exacerbated by inconsistent court decisions and judicial and legislative interpretations of coverage that in some cases have tended to erode the clear and express intent of such policies and in others have expanded theories of liability. The insurance industry as a whole is engaged in extensive litigation over these coverage and liability issues and is thus confronted with a continuing uncertainty in its efforts to quantify these exposures.

Given the factors described above, it is not possible to quantify precisely the ultimate exposure or range of exposures represented by claims and related litigation. We have established reserves that represent our best estimate of ultimate claims and claim adjustment expenses at September 30, 2002 based upon facts currently known and the present state of the law and coverage litigation. However, given the expansion of coverage and liability by the courts and the legislatures in the past and the possibility of similar actions in the future, additional increases in loss reserves may emerge in future periods in an amount that could be material to our financial condition and results of operations.

**The effects of emerging claim and coverage issues on our business are uncertain.**

As industry practices and legal, judicial, social and other environmental conditions change, unexpected and unintended issues related to claim and coverage may emerge. These issues may adversely affect our business by either extending coverage beyond our underwriting intent or by increasing the number or size of claims. Recent examples of emerging claims and coverage issues include:

increases in the number and size of water damage claims related to expenses for testing and remediation of mold conditions;

the effects of disclosures by and investigations of public companies relating to possible accounting irregularities, practices in the energy and securities industries and other corporate governance issues, which have caused increases in the frequency and severity of claims;

changes in interpretation of the named insured provision with respect to the uninsured/underinsured motorist coverage in commercial automobile policies; and

a growing trend of plaintiffs targeting property and casualty insurers in purported class action litigation relating to claim-handling and other practices.

The effects of these and other unforeseen emerging claim and coverage issues are extremely hard to predict and could harm our business.

**Catastrophe losses could materially reduce our profitability.**

As a property-liability insurance holding company, our insurance operations expose us to claims arising out of catastrophes. We have experienced, and will in the future experience, catastrophe losses which may materially reduce our profitability or harm our financial condition. Catastrophes can be caused by various natural events, including hurricanes, windstorms, earthquakes, hail, severe winter weather and fires. Catastrophes can also be man-made, such as the terrorist attack of September 11, 2001. Our estimated net costs incurred as a result of the terrorist attack of September 11, 2001 totaled \$645 million. The frequency and severity of catastrophes are inherently unpredictable. It is possible that both the frequency and severity of man-made catastrophic events will increase.

The extent of losses from a catastrophe is a function of both the total amount of insured exposure in the area affected by the event and the severity of the event. Most catastrophes are restricted to small geographic areas; however, hurricanes and earthquakes may produce significant damage in larger areas, especially those that are heavily populated. Claims resulting from natural or man-made catastrophic events could cause substantial volatility in our financial results for any fiscal quarter or year and could materially reduce our profitability or harm our financial condition. Our ability to write new business could also be affected. We believe that increases in the value and geographic concentration of insured property and the effects of inflation could increase the severity of claims from catastrophic events in the future. In addition, states have from time to time passed legislation that has the effect of limiting the ability of insurers to manage catastrophe risk, such as legislation prohibiting insurers from withdrawing from catastrophe-prone areas.

**Recent management changes cause uncertainty.**

Dean R. O'Hare, who has been our Chief Executive Officer for 14 years, will retire as Chairman and Chief Executive Officer on November 30, 2002. John D. Finnegan, Executive Vice President of General Motors Corporation and Chairman and President of General Motors Acceptance Corporation, will become our President and Chief Executive Officer and a Director on December 1, 2002.

In addition, since September 26, 2002, Michael O'Reilly, who has been our Chief Investment Officer since 1988, has been our interim Chief Financial Officer.

During the transition of the Chief Executive Officer position and until our permanent Chief Financial Officer is identified, there may be uncertainty among investors, rating agencies and others concerning our future direction and operating philosophy. This uncertainty may increase the volatility of our market price, and may adversely affect (or delay favorable actions with respect to) our credit ratings.

**If our real estate assets are not sold or developed as presently contemplated, impairment losses may be recognized.**

At September 30, 2002, we owned land with a carrying value of \$300 million that we expect will be developed in the future and commercial properties and land parcels under lease with a carrying value of approximately \$180 million.

The recoverability of the carrying value of our real estate assets is assessed based on our ability to fully recover costs through a future revenue stream. The assumptions used reflect future improvement in demand for office space, an increase in rental rates and the ability and intent to obtain financing in order to hold and develop such remaining properties and protect our interests over the long term. If the assets are not sold or developed or if leased properties do not perform as presently contemplated, it is possible that impairment losses may be recognized.

**We may not be able to recover all of our deferred tax assets relating to losses and foreign taxes incurred by Chubb Europe.**

At September 30, 2002, we recorded a deferred income tax asset of \$115 million related to the expected future U.S. tax benefit of losses and foreign taxes incurred by Chubb Insurance Company of Europe (Chubb Europe). The losses in Chubb Europe were the result of underwriting losses in the last three years due to inadequate prices and adverse claim trends, particularly for directors and officers liability and errors and omissions liability coverages. Although realization is not assured, in management's judgment, it is more likely than not that Chubb Europe will generate sufficient taxable income to realize the future tax benefit of the losses and foreign taxes. If our estimates of future taxable income in Chubb Europe were revised, and it was no longer more likely than not that the future tax benefits would be realized, we would need to provide a valuation allowance against some or all of the above deferred income tax asset. The effect on our results of operations could be significant.

**Cyclicality of the property-liability insurance industry may cause fluctuations in our results.**

The property-liability insurance business, especially the commercial lines business, historically has been characterized by periods of intense price competition due to excess underwriting capacity, which has in the past had, and could in the future have, an adverse effect on our results. Periods of intense price competition historically have alternated with periods when shortages of underwriting capacity have permitted attractive premium levels. We expect this cyclicality to continue. The periods of intense price competition in the cycle could harm our financial condition, profitability or cash flows.



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A number of factors, including many that are volatile and unpredictable, can have a significant impact on cyclical trends in the property-liability insurance industry and the industry's profitability. These factors include:

an apparent trend of courts to grant increasingly larger awards for certain damages;

catastrophic hurricanes, windstorms, earthquakes and other natural disasters, as well as the occurrence of man-made disasters (e.g., the September 11, 2001 terrorist attack);

availability, price and terms of reinsurance;

fluctuations in interest rates;

changes in the investment environment that affect market prices of and income and returns on investments; and

inflationary pressures that may tend to affect the size of losses experienced by insurance companies.

We cannot predict whether or when market conditions will improve, remain constant or deteriorate. Negative market conditions may impair our ability to write insurance at rates that we consider appropriate relative to the risk assumed. If we cannot write insurance at appropriate rates, our ability to transact business would be significantly and adversely affected.

### **A downgrade in our ratings could adversely impact the competitive positions of our operating businesses.**

Several of the principal credit rating agencies have recently taken the following actions with respect to our credit ratings:

On October 16, 2002, A.M. Best reaffirmed our ratings with stable outlook;

On October 30, 2002, Fitch lowered our financial strength, senior unsecured debt and commercial paper ratings with stable outlook;

On November 6, 2002, S&P, while reaffirming our financial strength rating, lowered our senior debt, counterparty credit, preferred stock and commercial paper ratings with negative outlook; and

On November 21, 2002, Moody's lowered our financial strength, senior unsecured debt and preferred stock ratings with stable outlook.

Reasons given by S&P and Moody's for their recent ratings actions included concerns about possible prospective capital strains due to a high premium growth rate, current loss experience in certain specialty and personal lines, pending management changes, volatility of our recent operating performance, our continued exposure to catastrophe-related losses and Moody's continuing concern about property/casualty insurers' exposure to asbestos liabilities. Although we believe that the capital to be raised in this offering will be sufficient to support our current capital needs, substantial premium growth rates, any substantial catastrophic loss (whether natural or man-made), payments under outstanding gas forward purchase surety bonds or other emerging claim or coverage issues could create future capital strains.

The lower credit ratings for The Chubb Corporation can increase our cost of borrowing and adversely affect the competitive position of our Chubb Financial Solutions' non-insurance operations, which is dependent on the strength of Chubb's parental guarantee. Financial strength ratings can be an important factor in establishing the competitive position of our insurance subsidiaries. There can be no assurance that our ratings will continue for any given period of time or that they will not be changed. Further reductions in our ratings could adversely affect the competitive positions of our operating businesses.

**The inability of our subsidiaries to pay dividends in sufficient amounts would harm our ability to meet our obligations and pay future dividends.**

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We are a holding company and rely primarily on dividends from our subsidiaries to meet our obligations for payment of interest and principal on outstanding debt obligations, dividends to shareholders and corporate expenses. The ability of our insurance subsidiaries to pay dividends to us in the future will depend on their statutory surplus, on earnings and on regulatory restrictions. We and our insurance subsidiaries are subject to regulation by some states as an insurance holding company system. Such regulation generally provides that transactions between companies within the holding company system

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must be fair and equitable. Transfers of assets among affiliated companies, certain dividend payments from insurance subsidiaries and certain material transactions between companies within the system may be subject to prior notice to, or prior approval by, state regulatory authorities. Our insurance subsidiaries are also subject to licensing and supervision by government regulatory agencies in the jurisdictions in which they do business. These regulations may set standards of solvency that must be met and maintained, the nature of and limitation on investments and the nature of and limitations on dividends to policyholders and shareholders. These regulations may affect our subsidiaries' ability to provide us with dividends.

**Our businesses are heavily regulated, and changes in regulation may reduce our profitability and limit our growth.**

Our insurance subsidiaries are subject to extensive regulation and supervision in the jurisdictions in which they conduct business. This regulation is generally designed to protect the interests of policyholders, as opposed to insurers and their shareholders and other investors, and relates to authorization for lines of business, capital and surplus requirements, investment limitations, underwriting limitations, transactions with affiliates, dividend limitations, changes in control, premium rates and a variety of other financial and nonfinancial components of an insurance company's business.

Virtually all states require insurers licensed to do business in their state to bear a portion of the loss suffered by some insureds as the result of impaired or insolvent insurance companies. In addition, in various states, our insurance subsidiaries must participate in mandatory arrangements to provide various types of insurance coverage to individuals or other entities that otherwise are unable to purchase that coverage from private insurers. The effect of these and similar arrangements could reduce our profitability in any given period or limit our ability to grow our business.

In recent years, the state insurance regulatory framework has come under increased federal scrutiny, and some state legislatures have considered or enacted laws that may alter or increase state authority to regulate insurance companies and insurance holding companies. Further, the National Association of Insurance Commissioners, or NAIC, and state insurance regulators are reexamining existing laws and regulations, specifically focusing on modifications to holding company regulations, interpretations of existing laws and the development of new laws. Any proposed or future legislation or NAIC initiatives may be more restrictive than current regulatory requirements or may result in higher costs.

In response to the terrorist attack on September 11, 2001, the United States Congress has enacted legislation designed to ensure, among other things, the availability of insurance coverage for terrorist acts, including by requiring insurers to provide such coverage. This legislation and any further governmental intervention could materially and adversely affect us by, among other things, requiring coverage for terrorist acts to be offered by insurers, benefiting our competitors or reducing the demand for our products.

**Intense competition for our products could harm our ability to maintain or increase our profitability and premium volume.**

The property and casualty insurance industry is highly competitive. We compete not only with other stock companies but also with mutual companies, other underwriting organizations and alternative risk sharing mechanisms. We compete for business not only on the basis of price, but also on the basis of availability of coverage desired by customers and quality of service, including claim adjustment service. We may have difficulty in continuing to compete successfully on any of these bases in the future.

If competition limits our ability to write new business at adequate rates, our ability to transact business would be materially and adversely affected and our results of operations would be adversely affected.

**Our stock price may be volatile.**

Factors such as quarterly variations in our financial results, announcements by us or our competitors, developments affecting us and general market volatility could cause the market price of our common stock to fluctuate significantly.

**Risks Relating to the Securities**

**You assume the risk that the market value of our common stock may decline.**

As a holder of Corporate Units or Treasury Units, you will have an obligation to buy shares of our common stock pursuant to the warrant that is represented by the Corporate Units or Treasury Units. On November 16, 2005, unless you pay cash to satisfy your obligation under the warrant or the warrants are terminated due to our bankruptcy, insolvency or reorganization, (i) in the case of Corporate Units, either (x) the principal of the appropriate applicable ownership interest in the Treasury portfolio when paid at maturity or (y) either the proceeds derived from the successful remarketing of the senior notes or, if no successful remarketing has occurred, the foreclosure of the senior notes, or (ii) in the case of Treasury Units, the principal of the related Treasury securities when paid at maturity, will automatically be used to purchase a specified number of shares of our common stock on your behalf.

The number of shares of our common stock that you will receive upon the settlement of a warrant is not fixed but instead will depend on the average of the closing price per share of our common stock on the 20 consecutive trading days ending on the third trading day immediately preceding November 16, 2005, which we refer to as the applicable market value. There can be no assurance that the market value of common stock received by you on the warrant settlement date will be equal to or greater than the price per share paid by you for our common stock. If the applicable market value of the common stock is less than \$56.64, the market value of the common stock issued to you pursuant to each warrant on November 16, 2005 (assuming that the market value is the same as the applicable market value of the common stock) will be less than the price per share paid by you for the common stock on the warrant settlement date. Accordingly, you assume the risk that the market value of the common stock may decline, and that the decline could be substantial.

**The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our common stock.**

Your opportunity for equity appreciation afforded by investing in the Equity Units is less than your opportunity for equity appreciation if you directly invested in our common stock. This opportunity is less because the market value of the common stock to be received by you pursuant to the warrant on November 16, 2005 (assuming that the market value is the same as the applicable market value of the common stock) will only exceed the price per share paid by you for our common stock on the warrant settlement date if the applicable market value of the common stock exceeds the threshold appreciation price (which represents an appreciation of 22.0% over \$56.64). If the applicable market value of our common stock exceeds the reference price but does not exceed the threshold appreciation price, you will realize no equity appreciation of the common stock for the period during which you own the warrant. Furthermore, if the applicable market value of our common stock exceeds the threshold appreciation price, you would receive on November 16, 2005 only approximately 82% of the value of the shares of common stock you could have purchased with \$25 at the reported last sale price of our common stock on the date of issuance of the Equity Units.

**The trading prices for the Corporate Units and Treasury Units will be directly affected by the trading prices of our common stock.**

The trading prices of Corporate Units and Treasury Units in the secondary market will be directly affected by the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of the common stock or interest rates will rise or fall. Trading prices of the common stock will be influenced by our operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in the trading prices of stocks generally, and sales of substantial amounts of common stock by us in the market after the offering of the Equity Units, or the perception that such sales could occur, could affect the price of our common stock. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of the common stock represented by the warrants and of the

other components of the Equity Units. Any such arbitrage could, in turn, affect the trading prices of the Corporate Units, Treasury Units, senior notes and our common stock.

**If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock, but you will be subject to all changes made with respect to our common stock.**

If you hold Corporate Units or Treasury Units, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on the common stock), but you will be subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock in exchange for Corporate Units or Treasury Units on November 16, 2005, or as a result of early settlement, as the case may be, and the applicable record date, if any, for the exercise of rights occurs after that date. For example, in the event that an amendment is proposed to our articles of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs prior to delivery of the common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

**We may issue additional shares of common stock and thereby materially and adversely affect the price of our common stock.**

The number of shares of common stock that you are entitled to receive on November 16, 2005, or as a result of early settlement of a warrant, is subject to adjustment for certain events arising from stock splits and combinations, stock dividends and certain other actions by us that modify our capital structure. We will not adjust the number of shares of common stock that you are to receive on November 16, 2005, or as a result of early settlement of a warrant for other events, including offerings of common stock for cash by us or in connection with acquisitions. We are not restricted from issuing additional common stock during the term of the warrants and have no obligation to consider your interests for any reason. If we issue additional shares of common stock, it may materially and adversely affect the price of our common stock and, because of the relationship of the number of shares to be received on November 16, 2005 to the price of the common stock, such other events may adversely affect the trading price of the Corporate Units or Treasury Units.

**The secondary market for the Corporate Units, Treasury Units or senior notes may be illiquid.**

It is not possible to predict how Corporate Units, Treasury Units or senior notes will trade in the secondary market or whether the market will be liquid or illiquid. There is currently no secondary market for our Corporate Units, Treasury Units or senior notes. We will apply to list the Corporate Units on the New York Stock Exchange, but no assurances can be given that the application for listing will be approved. If the Treasury Units or the senior notes are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will also try to list the Treasury Units or the senior notes. There can be no assurance as to the liquidity of any market that may develop for the Corporate Units, the Treasury Units or the senior notes, your ability to sell these securities or whether a trading market, if it develops, will continue. In addition, in the event you were to substitute Treasury securities for senior notes or senior notes for Treasury securities, thereby converting your Corporate Units to Treasury Units or your Treasury Units to Corporate Units, as the case may be, the liquidity of Corporate Units or Treasury Units could be adversely affected. There can be no assurance that the Corporate Units, if listed, will not be delisted from the New York Stock Exchange or that trading in the Corporate Units will not be suspended as a result of holders electing to create Treasury Units by substituting collateral, which could cause the number of Corporate Units to fall below the requirement for listing securities on the New York Stock Exchange.

**Your rights to the pledged securities will be subject to our security interest.**

Although you will be the beneficial owner of the related senior notes, Treasury securities or applicable ownership interest in the Treasury portfolio, as applicable, those securities will be held by the collateral agent and pledged to secure your obligations under the related warrants. Thus, your rights to the pledged securities will be subject to our security interest. Additionally, notwithstanding the automatic termination of the warrants, in the event that we become the subject of a case under the U.S. Bankruptcy Code, the delivery of the pledged securities to you may be delayed by the imposition of the automatic stay under Section 362 of the Bankruptcy Code and claims arising out of the senior notes, like all other claims in bankruptcy proceedings, will be subject to the equitable jurisdiction and powers of the bankruptcy court.

**The senior notes may be redeemed upon the occurrence of a special event.**

We may redeem the senior notes, on not less than 30 days' nor more than 60 days' prior written notice, in whole but not in part, at any time before the earlier of the date of a successful remarketing of the senior notes represented by the Corporate Units and the warrant settlement date if a special event occurs and continues under the circumstances described in this prospectus supplement. If we exercise this option, we will redeem the senior notes for cash at the redemption amount plus accrued and unpaid interest, if any, which we refer to as the redemption price. Unless the senior notes have been successfully remarketed, if the special event redemption occurs before November 16, 2005, the redemption price payable to you as a holder of the Corporate Units will be distributed to the collateral agent, who in turn will purchase the Treasury portfolio on your behalf, and will remit the remainder of the redemption price, if any, to you, and the Treasury portfolio will be substituted for the senior notes as collateral to secure your obligations under the warrants represented by the Corporate Units. If your senior notes are not represented by Corporate Units, you will receive redemption payments directly. There can be no assurance as to the impact on the market prices for the Corporate Units if the Treasury portfolio is substituted as collateral in place of any senior notes redeemed. A special event redemption will be a taxable event to the holders of the senior notes.

**The U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear, and the senior notes are subject to certain unfavorable tax rules.**

No statutory, judicial or administrative authority directly addresses the treatment of Equity Units or instruments similar to Equity Units for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear. Under the senior notes indenture, we and each holder will agree to treat the senior notes as contingent payment debt instruments for U.S. federal income tax purposes. As a result, you will be required, subject to some adjustments, to include interest in income based on our comparable yield, which is generally the rate at which we would borrow if we issued non-contingent debt instruments with terms substantially the same as the senior notes, and which we have determined to be 4.80%. Additionally, any gain on the disposition of the senior notes before the interest rate reset (or before November 16, 2005, if there is no successful remarketing) generally will be treated as ordinary interest income; thus, the ability to offset that interest income with a loss, if any, on a warrant may be limited. For additional information, see "United States Federal Income Tax Senior Notes Original issue discount."

**The warrant agreement will not be qualified under the Trust Indenture Act and the obligations of the warrant agent are limited.**

The warrant agreement between us and the warrant agent will not be qualified as an indenture under the Trust Indenture Act of 1939, and the warrant agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the warrant agreement or the warrant agent. The senior notes that are represented by the Corporate Units will be issued pursuant to an indenture, which will be qualified under the Trust Indenture Act. Accordingly, if you hold Corporate Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the senior notes represented by the Corporate Units. The

protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

disqualification of the indenture trustee for "conflicting interests," as defined under the Trust Indenture Act;

provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and

the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

**The trading price of the senior notes may not fully reflect the value of their accrued but unpaid interest.**

The senior notes may trade at a price that does not fully reflect the value of their accrued but unpaid interest. If you dispose of your senior notes between record dates for interest payments, you will be required to include in gross income the daily portions of original issue discount through the date of disposition in income as ordinary income, and to add this amount to your adjusted tax basis in the senior notes disposed of. To the extent the selling price is less than your adjusted tax basis, you will recognize a loss.

**CAUTIONARY STATEMENT ABOUT FORWARD-LOOKING STATEMENTS**

The accompanying prospectus, as supplemented by this prospectus supplement, contains and incorporates by reference "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve risks and uncertainties and are identified by their use of terms and phrases such as "believe," "anticipate," "could," "estimate," "intend," "may," "plan," "expect" and similar expressions, including references to assumptions. Such forward-looking statements may be included in, but are not limited to, various filings made by us with the Securities and Exchange Commission, which we refer to as the "SEC." These statements relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. You should not place undue reliance on these forward-looking statements, which reflect our management's analysis, judgment, belief or expectation only as of the date of this prospectus supplement.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for these forward-looking statements. In order to comply with the terms of the safe harbor, we note that a variety of factors could cause our actual results to differ significantly from the results discussed in the forward-looking statements. The factors that could cause actual results to differ materially from those suggested by any such statements include but are not limited to those discussed or identified from time to time in the our public filings with the SEC and specifically include risks or uncertainties associated with any one or more of the following:

the availability of primary and reinsurance coverage, including the implications relating to terrorism legislation and regulation;

global political conditions and the occurrence of any terrorist attacks, including any nuclear, biological or chemical events;

the outbreak of war with Iraq;

premium price increases and profitability or growth estimates overall or by lines of business or geographic area, and related expectations with respect to the timing and terms of any required regulatory approvals;

our expectations with respect to cash flow projections and investment income and with respect to other income;

the adequacy of loss reserves including:

our expectations relating to insurance losses from the September 11 attack and related reinsurance recoverables;

any impact from the bankruptcy protection sought by various asbestos producers and other related businesses;

developments in judicial decisions or legislative actions relating to coverage and liability for asbestos and toxic waste claims;

developments in judicial decisions or regulatory actions relating to coverage and liability for mold claims;

the effects of disclosures by and investigations of public companies relating to possible accounting irregularities, practices in the energy and securities industries and other corporate governance issues, including:

the effects on the energy markets and the companies that participate in them, and in particular as they may relate to concentrations of risk in our surety business;

the effects on the capital markets and the markets for directors and officers and errors and omissions insurance;





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claims and litigation arising out of accounting and other corporate governance disclosures by other companies;

claims and litigation arising out of investment banking practices;

legislative or regulatory proposals or changes, including the certifications required by SEC Order 4-460 and the changes in law and regulation required under the Sarbanes-Oxley Act of 2002;

our ability to generate taxable income in Europe;

our assumptions with respect to future demand for office space and with respect to rental rates;

changes in management;

any downgrade in our claims-paying, financial strength or credit ratings; and

general economic conditions including:

changes in interest rates, market credit spreads and the performance of the financial markets, generally and as they relate to credit risks assumed by the Chubb Financial Solutions unit in particular;

changes in domestic and foreign laws, regulations and taxes;

changes in competition and pricing environments;

regional or general changes in asset valuations;

the occurrence of significant weather-related or other natural or man-made disasters;

the inability to reinsure certain risks economically;

changes in the litigation environment; and

general market conditions.

We assume no obligation to update any forward-looking statements set forth in this document or any forward-looking statements incorporated by reference herein, all of which speak as of the respective dates thereof.

### ACCOUNTING TREATMENT

#### General

The proceeds from the sale of the Corporate Units will be allocated between the warrants and the senior notes based on the fair value of each at the date of the offering. We expect the fair value of each warrant to be \$0.00.

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We will recognize the present value of the quarterly warrant fee payments as a liability with an offsetting reduction in shareholders' equity. The quarterly warrant fee payments will be allocated between the liability recognized at the date of issuance and interest expense based on a constant rate calculation over the term of the warrant.

The quarterly interest payments on the senior notes will be recognized as interest expense.

Fees and expenses incurred in connection with this offering will be allocated between the senior notes and the warrants. The amount allocated to the senior notes will be deferred and recognized as interest expense over the term of the senior notes. The amount allocated to the warrants will be charged to shareholders' equity.

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When we settle the warrants, we will issue the requisite number of shares of our common stock, and the amount we receive will be added to shareholders' equity and allocated between common stock and paid-in surplus.

### Earnings per Share

Before the settlement of the warrants, we will consider the shares to be issued under the warrants in our calculation of diluted earnings per share using the treasury stock method. Under this method, we will increase the number of shares of our common stock used in calculating diluted earnings per share by the excess, if any, of the number of shares we would be required to issue to settle the warrants over the number of shares that we could purchase using the proceeds from the settlement of the warrants. We anticipate that there will be no dilution of our earnings per share except during the periods when the average price of our common stock is above \$69.10 per share.

### Other Matters

Both the Financial Accounting Standards Board and its Emerging Issues Task Force continue to study the accounting for financial instruments and derivative instruments including instruments such as the warrants. It is possible that our accounting for the warrants and the senior notes could be affected by any new accounting rules that might be issued by these groups.

## USE OF PROCEEDS

We estimate that our net proceeds from the sale of warrants and senior notes in this offering, after deducting underwriting discounts and commissions and the estimated expenses of this offering payable by us, will be \$508,750,000, or \$581,500,000 if the underwriters exercise their over-allotment option in full to purchase additional warrants and senior notes. Chubb expects to use the aggregate net proceeds from this offering for general corporate purposes, including capital contributions to its subsidiaries.

## RATIO OF CONSOLIDATED EARNINGS TO FIXED CHARGES

The following table sets forth our ratio of consolidated earnings to fixed charges for the nine months ended September 30, 2002. For our consolidated ratios of earnings to fixed charges for each of the five years in the period ended December 31, 2001, see "Ratio of Consolidated Earnings to Fixed Charges" in the accompanying prospectus.

	<b>Nine Months Ended September 30, 2002(1)</b>
Ratio of consolidated earnings to fixed charges	1.78

- (1) Consolidated earnings, as defined, for the nine months ended September 30, 2002 reflect net losses of \$625 million before income taxes related to asbestos claims.

**CAPITALIZATION**

The following table sets forth our consolidated capitalization as of September 30, 2002, on both an actual basis and an as adjusted basis that gives effect to this offering and the anticipated application of the net proceeds of this offering as described under "Use of Proceeds." This table should be read in conjunction with our historical financial statements and the notes to those financial statements, which are incorporated by reference into the accompanying prospectus.

	September 30, 2002	
	Actual	As Adjusted for this Offering
(in millions)		
Long-term debt other than the 4.00% Senior Notes issued in this offering	\$ 1,353.8	\$ 1,353.8
4.00% Senior Notes issued in this offering(1)		525.0
Shareholders' equity(2)(3)	6,901.4	6,857.1
<b>Total capitalization</b>	<b>\$ 8,255.2</b>	<b>\$ 8,735.9</b>

- (1) Assumes the sale of 21,000,000 Corporate Units in this offering and no exercise of the underwriters' over-allotment option to purchase up to an additional 3,000,000 Corporate Units.
- (2) The as adjusted amount reflects an adjustment of \$44.3 million representing the approximate present value of the warrant fees payable in connection with the Corporate Units and assumes a fair market value of \$0 for the warrants.
- (3) The as adjusted amount excludes the effect of issuance costs allocated to the warrants issued in connection with this offering.

**PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY**

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

The following table sets forth, for the periods indicated, the range of high and low sale prices of the common stock reported on the New York Stock Exchange, based on published financial sources, as well as dividends declared.

	Common Stock		
	High	Low	Dividends
<b>2000:</b>			
First Quarter	\$ 67.56	\$ 44.75	\$ 0.33
Second Quarter	72.38	59.63	0.33
Third Quarter	82.00	62.75	0.33
Fourth Quarter	90.00	72.25	0.33
<b>2001:</b>			
First Quarter	83.44	65.27	0.34
Second Quarter	79.00	64.32	0.34
Third Quarter	76.89	58.59	0.34
Fourth Quarter	77.66	66.02	0.34
<b>2002:</b>			
First Quarter	75.32	65.20	0.35
Second Quarter	78.20	69.35	0.35
Third Quarter	70.51	53.91	0.35
Fourth Quarter (through November 25, 2002)	62.23	52.30	

**Shareholders**

As of November 18, 2002, approximately 7,100 holders of record held our common stock.

**Dividend Policy**

As indicated above, Chubb declared quarterly dividends during each of the two most recent fiscal years in the amounts shown. The Board of Directors will review its dividend policy periodically, and the declaration of dividends will necessarily depend upon Chubb's earnings and financial requirements and other factors within the discretion of the Board of Directors.

The operations of our subsidiaries are subject, in varying degrees, to regulatory rules and restrictions on the payment of dividends. Consequently, our ability to receive dividends from our subsidiaries may be affected from time to time as a result of these rules and restrictions. For further information, see "Risk Factors The inability of our subsidiaries to pay dividends to us in sufficient amounts would harm our ability to meet our obligations and pay future dividends."

## DESCRIPTION OF THE EQUITY UNITS

*The following is a summary of the terms of the Equity Units. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of all of the material terms of the Equity Units but is not necessarily complete. We refer you to the copies of those documents which have been or will be filed and incorporated by reference in the registration statement of which this prospectus supplement and the accompanying prospectus form a part. This summary supplements the description of the warrants in the accompanying prospectus, and, to the extent it is inconsistent, replaces the description in the accompanying prospectus. All references in this prospectus supplement to our common stock include the rights evidenced by such common stock to the extent provided in the Rights Agreement dated as of March 12, 1999 between Chubb and First Chicago Trust Company of New York.*

We will issue the Equity Units under the warrant agreement between us and Bank One Trust Company, N.A., which we refer to as the warrant agent. Equity Units may be either Corporate Units or Treasury Units. The Equity Units will initially consist of 21,000,000 Corporate Units (or 24,000,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$25.

### Corporate Units

Each Corporate Unit will represent:

- (a) a warrant under which
  - (1) the holder will agree to purchase from us, and we will agree to sell to the holder, not later than November 16, 2005, which we refer to as the warrant settlement date, for a settlement price of \$25 in cash, a number of newly issued shares of our common stock equal to the settlement rate described below under "Description of the Warrants Purchase of Common Stock," subject to anti-dilution adjustments, and
  - (2) we will pay the holder quarterly warrant fees at the rate of 3.00% per year on the stated amount of \$25 per warrant, or \$0.75 per year, and
- (b) either:
  - (1) a senior note issued by us having a \$25 principal amount on which we will pay quarterly interest payments at a rate of 4.00% per year, or
  - (2) following a successful remarketing of the senior notes prior to the third business day immediately preceding the warrant settlement date, or the occurrence of a special event redemption, the applicable ownership interest in a portfolio of U.S. Treasury securities, which we refer to as the Treasury portfolio.

"Applicable ownership interest" means, with respect to a Corporate Unit and the U.S. Treasury securities in the Treasury portfolio,

- (1) a 2.5% undivided beneficial ownership interest in \$1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that matures on or prior to November 16, 2005, and
- (2) for the scheduled interest payment date on the senior notes that occurs on November 16, 2005, in the case of a successful remarketing of the senior note represented by that Corporate Unit prior to the third business day immediately preceding the warrant settlement date, or for each scheduled interest payment date on the senior notes after the date of a special event redemption and on or before the warrant settlement date, in the case of a special event redemption, a 0.025% undivided beneficial ownership interest in \$1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that mature on or prior to the business day immediately preceding such payment date.

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The purchase price of each Equity Unit will be allocated between the related warrant and the related senior note in proportion to their respective fair market values at the time of issuance. We expect that, at the time of issuance, the fair market value of each senior note will be \$25 and the fair market value of each warrant will be \$0.00. This position generally will be binding on each beneficial owner of each Equity Unit but not on the IRS.

As long as a unit is in the form of a Corporate Unit, your senior note or the appropriate applicable ownership interest in the Treasury portfolio, as applicable, represented by the Corporate Unit will be held by the collateral agent and pledged to secure your obligation to purchase common stock under the related warrant.

### Creating Treasury Units

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units as a result of a successful remarketing prior to the third business day preceding November 16, 2005 or a special event redemption prior to November 16, 2005, each holder of Corporate Units will have the right, at any time on or prior to the fifth business day immediately preceding the warrant settlement date, to substitute for the related senior notes held by the collateral agent, zero-coupon Treasury securities that mature on November 15, 2005 (CUSIP No. 912820BQ9), which we refer to as a Treasury security, in a total principal amount at maturity equal to the aggregate principal amount of the senior notes for which substitution is being made.

Because Treasury securities are issued in integral multiples of \$1,000, holders of Corporate Units may make this substitution only in integral multiples of 40 Corporate Units.

If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Corporate Units will have the right, at any time on or prior to the second business day immediately preceding the warrant settlement date, to substitute Treasury securities for the applicable ownership interest in the Treasury portfolio as a component of the Corporate Unit, but holders of Corporate Units can only make this substitution in integral multiples of 4,000 Corporate Units. Each of these substitutions will create Treasury Units, and the applicable senior notes or applicable ownership interest in the Treasury portfolio will be released to the holder and be separately tradable from the Treasury Units.

Each Treasury Unit will represent:

- (a) a warrant under which
  - (1) the holder will agree to purchase from us, and we will agree to sell to the holder, not later than the warrant settlement date, for the settlement price, a number of newly issued shares of our common stock equal to the settlement rate, subject to anti-dilution adjustments, and
  - (2) we will pay the holder quarterly warrant fees at the rate of 3.00% per year on the stated amount of \$25 per warrant, or \$0.75 per year and
- (b) a 2.5% undivided beneficial interest in a Treasury security with a principal amount of \$1,000.

To create 40 Treasury Units, unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Corporate Unit holder will:

deposit with the collateral agent a Treasury security that has a principal amount at maturity of \$1,000 which must be purchased in the open market at the Corporate Unit holder's expense, and

transfer 40 Corporate Units to the warrant agent accompanied by a notice stating that the holder has deposited a Treasury security with the collateral agent and requesting the release to the holder of the senior notes relating to the 40 Corporate Units.



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Upon the deposit and receipt of an instruction from the warrant agent, the collateral agent will release the related senior notes from the pledge under the pledge agreement, free and clear of our security interest, to the warrant agent. The warrant agent then will:

cancel the 40 Corporate Units,

transfer the related senior notes to the holder, and

deliver 40 Treasury Units to the holder.

The Treasury security will be substituted for the senior notes and will be held by the collateral agent and pledged to secure the holder's obligation to purchase common stock under the related warrants. The related senior notes released to the holder thereafter will trade separately from the resulting Treasury Units.

If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Corporate Unit holder will follow the same procedure to create a Treasury Unit, except the holder will have to deposit integral multiples of 4,000 Corporate Units.

### **Recreating Corporate Units**

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, each holder of Treasury Units will have the right at any time on or prior to the fifth business day immediately preceding the warrant settlement date, to substitute for the related Treasury securities held by the collateral agent, senior notes having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is being made.

Because Treasury securities are issued in integral multiples of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 40 Treasury Units.

If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Treasury Units will have the right, at any time on or prior to the second business day immediately preceding the warrant settlement date, to substitute the applicable ownership interests in the Treasury portfolio for the Treasury securities that were represented by the Treasury Units, but holders of Treasury Units can only make this substitution in integral multiples of 4,000 Treasury Units.

Each of these substitutions will recreate Corporate Units, and the applicable Treasury securities will be released to the holder and be separately tradable from the Corporate Units.

To create 40 Corporate Units, unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Treasury Unit holder will:

deposit with the collateral agent 40 senior notes, which must be purchased in the open market at the holder's expense unless otherwise owned by the holder, and

transfer 40 Treasury Unit certificates to the warrant agent accompanied by a notice stating that the Treasury Unit holder has deposited 40 senior notes with the collateral agent and requesting the release to the holder of the Treasury security relating to the Treasury Units.

Upon the deposit and receipt of an instruction from the warrant agent, the collateral agent will release the related Treasury securities from the pledge under the pledge agreement, free and clear of our security interest, to the warrant agent. The warrant agent will then

cancel the 40 Treasury Units,

transfer the related Treasury security to the holder, and

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deliver 40 Corporate Units to the holder.

The substituted senior notes or the applicable ownership interests in the Treasury portfolio will be held by the collateral agent and pledged to secure the Corporate Unit holder's obligation to purchase common stock under the related warrants.

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If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Treasury Unit holder will follow the same procedure to create a Corporate Unit, except the holder will have to deposit integral multiples of 4,000 Treasury Units.

Holders that elect to substitute pledged securities, thereby creating Treasury Units or recreating Corporate Units, will be responsible for any fees or expenses payable in connection with the substitution.

### **Current Payments**

Holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of interest payments calculated at the rate of 4.00% per year on senior notes (or distributions on the applicable ownership interest in the Treasury portfolio if the senior notes have been replaced by the Treasury portfolio) and, subject to our right to defer warrant fees until the date on which the warrants are settled, warrant fees payable by us at the rate of 3.00% per year on the stated amount of \$25 per warrant until the earlier of the warrant settlement date and the most recent quarterly payment date on or before any early settlement of the related warrants. Subject to our right to defer warrant fee payments until the date on which the warrants are settled, holders of Treasury Units will be entitled to receive quarterly warrant fees payable by us at the rate of 3.00% per year on the stated amount of \$25 per warrant until the earlier of the warrant settlement date and the most recent quarterly payment date on or before any early settlement of the related warrants. There will be no distributions in respect of the Treasury securities that are represented by the Treasury Units, but the holders of the Treasury Units will continue to receive the scheduled quarterly interest payments on the senior notes that were released to them when the Treasury Units were created for as long as they hold the senior notes.

### **Ranking**

Our obligations with respect to the senior notes will be senior and unsecured and will rank equally with all of our other unsecured and unsubordinated obligations. The indenture under which the senior notes will be issued will not limit our ability to issue or incur other debt or issue preferred stock. See "Description of the Senior Notes" in the accompanying prospectus.

Our obligations with respect to the warrant fees will be subordinate in right of payment to our indebtedness.

### **Voting and Certain Other Rights**

Holders of warrants represented by Corporate Units or Treasury Units, in their capacities as such holders, will have no voting or other rights in respect of the common stock.

### **Listing of the Securities**

We will apply to list the Corporate Units on the New York Stock Exchange, but no assurances can be given that the application for listing will be approved. Unless and until substitution has been made as described in "Creating Treasury Units" or "Recreating Corporate Units," neither the senior notes nor the applicable ownership interest in the Treasury portfolio component of a Corporate Unit will trade separately from the Corporate Units. The senior notes or the applicable ownership interest in the Treasury portfolio component will trade as a unit with the warrant component of the Corporate Units. If the Treasury Units or the senior notes are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will try to list the Treasury Units or the senior notes on the New York Stock Exchange or any other applicable exchange or market.

### **Miscellaneous**

We or our affiliates may from time to time purchase Corporate Units, Treasury Units or senior notes outstanding by tender, in the open market or by private agreement.

## DESCRIPTION OF THE WARRANTS

*This section summarizes some of the terms of the warrant agreement, warrants, pledge agreement, remarketing agreement and indenture. The summary should be read together with the warrant agreement, pledge agreement, remarketing agreement and indenture, forms of which have been or will be filed and incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.*

### Basic Terms of the Warrants

The basic terms of the warrants may be described as follows:

the premium for each warrant (\$25) is not payable on the issue date but is deferred and payable as the settlement price of the warrant on November 16, 2005, the date the warrant expires;

the exercise price of the warrants is \$0.00;

we will not be required to deliver any shares of our common stock under the warrants unless the settlement price is paid in the manner described herein;

upon exercise and payment of the settlement price, each warrant requires us to deliver a variable number of shares of our common stock, depending on the applicable market value; and

the warrants are subject to automatic exercise upon expiration, subject to specified exceptions.

### Purchase of Common Stock

Each warrant represented by a Corporate Unit or Treasury Unit will obligate the holder of the warrant to purchase, and us to sell, on the warrant settlement date, for an amount in cash equal to the settlement price, a number of newly issued shares of our common stock equal to the "settlement rate." The settlement rate will be calculated, subject to adjustment under the circumstances described in "Anti-Dilution Adjustments," as follows:

If the applicable market value of our common stock is greater than the threshold appreciation price of \$69.10, the settlement rate will be 0.3618 shares of our common stock per warrant, which is equal to the stated amount divided by the threshold appreciation price.

Accordingly, if the market value for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured and the applicable market value is greater than the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each warrant will be higher than the settlement price, assuming that the market price of the common stock on the warrant settlement date is the same as the applicable market value of the common stock.

If the applicable market value of our common stock is less than or equal to the threshold appreciation price but greater than or equal to the reference price of \$56.64, the settlement rate will be a number of shares of our common stock per warrant equal to \$25 divided by the applicable market value.

Accordingly, if the market value for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured, but the applicable market value does not exceed the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each warrant will be equal to the stated amount, assuming that the market price of the common stock on the warrant settlement date is the same as the applicable market value of the common stock.

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If the applicable market value of our common stock is less than the reference price, the settlement rate will be 0.4414 shares of our common stock per warrant, which is equal to the settlement price divided by the reference price.

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Accordingly, if the market value for the common stock decreases between the date of this prospectus supplement and the period during which the applicable market value is measured and the applicable market value is less than the reference price, the aggregate market value of the shares of common stock issued upon settlement of each warrant will be less than the settlement price, assuming that the market price on the warrant settlement date is the same as the applicable market value of the common stock.

"Applicable market value" means the average of the closing price per share of our common stock on each of the twenty consecutive trading days ending on the third trading day immediately preceding the warrant settlement date. The reference price is the reported last sale price of our common stock on the New York Stock Exchange on the date of this prospectus supplement. The threshold appreciation price represents a 22.0% appreciation over the reference price.

"Closing price" of the common stock on any date of determination means the closing sale price (or, if no closing price is reported, the last reported sale price) of the common stock on the New York Stock Exchange on that date or, if the common stock is not listed for trading on the New York Stock Exchange on any such date, as reported in the composite transactions for the principal United States securities exchange on which the common stock is so listed. If the common stock is not so listed on a United States national or regional securities exchange, the closing price means the last reported sale price of the common stock as reported by the Nasdaq National Market, or, if the common stock is not so reported, the last quoted bid price for the common stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization. If the bid price is not available, the closing price means the market value of the common stock on the date of determination as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

A "trading day" means a day on which the common stock

is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business, and

has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the common stock.

We will not issue any fractional shares of common stock pursuant to the warrants. In lieu of fractional shares otherwise issuable (calculated on an aggregate basis) in respect of warrants being settled by a holder of Corporate Units or Treasury Units, the holder will be entitled to receive an amount of cash equal to the fraction of a share times the applicable market value.

### **Procedures for Warrant Settlement**

On the business day immediately preceding November 16, 2005, unless:

a holder of Corporate Units or Treasury Units has settled the related warrants prior to November 16, 2005 through the early delivery of cash to the warrant agent in the manner described under " Early Settlement," or " Early Settlement Upon Cash Merger,"

a holder of Corporate Units that include senior notes has settled the related warrants with separate cash on the fourth business day immediately preceding November 16, 2005 pursuant to prior notice given in the manner described under " Notice to Settle with Cash," or

an event described under " Termination" has occurred,

then,

in the case of Corporate Units where the Treasury portfolio has replaced the senior notes, proceeds equal to the stated amount of \$25 per warrant when paid at maturity, of the appropriate applicable ownership interest of the Treasury portfolio will automatically be applied to satisfy in full the holder's obligation to purchase common stock under the related warrants,



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in the case of Corporate Units where the Treasury portfolio has not replaced the senior notes as a component of the Corporate Units and there has been a successful final remarketing of the senior notes, the portion of the proceeds from the remarketing equal to the principal amount of the senior notes remarketed will automatically be applied to satisfy in full the holder's obligation to purchase shares of our common stock under the related warrants,

in the case of Corporate Units where the Treasury portfolio has not replaced the senior notes as a component of the Corporate Units and there has not been a successful remarketing of the senior notes, you will have the right to put your senior notes to us for par, plus accrued and unpaid interest, and you will be deemed to have elected to exercise that put right in respect of the corresponding senior notes held as part of such Corporate Units and to have elected to apply a portion of the proceeds of the put equal to the principal amount of the senior notes against your obligation to us under the warrants, thereby satisfying such obligation in full, and

in the case of Treasury Units, the principal amount of the related Treasury securities, when paid at maturity, will automatically be applied to satisfy in full the holder's obligation to purchase common stock under the related warrants.

The common stock will then be issued and delivered to the holder or the holder's designee, upon presentation and surrender of the certificate evidencing the Corporate Units or Treasury Units and payment by the holder of any transfer or similar taxes payable in connection with the issuance of the common stock to any person other than the holder.

Each holder of Corporate Units or Treasury Units, by acceptance of those securities, will be deemed to have:

irrevocably agreed to be bound by the terms and provisions of the related warrants and the pledge agreement and to have agreed to perform its obligations thereunder for so long as the holder remains a holder of the Corporate Units or Treasury Units, and

duly appointed the warrant agent as the holder's attorney-in-fact to enter into and perform the related warrants and pledge agreement on behalf of and in the name of the holder.

In addition, each beneficial owner of Corporate Units or Treasury Units, by acceptance of the beneficial interest therein, will be deemed to have agreed to treat

itself as the owner of the related senior notes, applicable ownership interests in the Treasury portfolio or the Treasury securities, as the case may be, and

the senior notes as our indebtedness for all United States federal income tax purposes.

### **Remarketing**

Pursuant to the remarketing agreement that we will enter into with the warrant agent and the remarketing agent, and subject to the terms of the remarketing agreement among the remarketing agent, the warrant agent and us, unless a special event redemption has occurred, the senior notes held by Corporate Unit holders as part of a Corporate Unit will be remarketed on the third business day immediately preceding August 16, 2005 (the date three months prior to the warrant settlement date), which we refer to as the initial remarketing date. We will appoint as remarketing agent a nationally recognized investment bank with experience in such matters.

The remarketing agent will use its reasonable efforts to obtain a price for the remarketed senior notes of approximately (but not less than) 100.50% of the purchase price for the Treasury portfolio described below. To obtain that price, the remarketing agent may reset the interest rate on the senior notes, as described under "Description of Notes."

If the remarketing of the senior notes on the initial remarketing date fails or does not occur because a condition precedent, such as the registration requirement referred to below, has not been satisfied, the senior notes will continue to be represented by Corporate Units and the remarketing agent will use its





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reasonable efforts to remarket the senior notes on the third business day immediately preceding September 16, 2005, which we call the second remarketing date, and on the third business day immediately preceding October 16, 2005, which we call the third remarketing date, in each case at a price of approximately (but not less than) 100.50% of the purchase price of the Treasury portfolio.

Following a successful remarketing of the senior notes on any of these remarketing dates, the portion of the proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase the Treasury portfolio consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to November 16, 2005 in an aggregate amount equal to the principal amount of the senior notes represented by Corporate Units, and

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to November 16, 2005 in an aggregate amount equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of Corporate Units on the warrant settlement date on the aggregate principal amount of the senior notes represented by the Corporate Units.

The Treasury portfolio will be substituted for the senior notes as a component of the Corporate Units and will be held by the collateral agent and pledged to secure the Corporate Unit holders' obligations under the warrants. On the warrant settlement date, a portion of the proceeds from the Treasury portfolio equal to the principal amount of the senior notes represented by the Corporate Units at the time of remarketing will automatically be applied to satisfy the Corporate Unit holders' obligation to purchase common stock under the warrants and proceeds from the Treasury portfolio equal to the interest payment (assuming no reset of the interest rate) that would have been paid to the holders of Corporate Units on the senior notes represented by the Corporate Units at the time of remarketing on the warrant settlement date will be paid to the holders of the Corporate Units.

The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the Treasury portfolio purchase price from any proceeds from the remarketing of the senior notes in excess of the Treasury portfolio purchase price. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders of the senior notes included in the remarketing.

As used in this context, "Treasury portfolio purchase price" means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer to the quotation agent between 9:00 a.m. and 11:00 a.m., New York City time, on the date of a successful remarketing for the purchase of the Treasury portfolio described above for settlement the third business day immediately following such date. "Quotation agent" means any primary U.S. government securities dealer in New York City selected by us.

If a successful remarketing of the senior notes has not occurred on or prior to the third remarketing date, the remarketing agent will use its reasonable efforts to remarket the senior notes on the third business day immediately preceding the warrant settlement date, which we refer to as the final remarketing date, at a price of approximately 100.50% of the principal amount of the senior notes remarketed, but remarketing on the final remarketing date will be considered successful and no further attempts will be made if the resulting proceeds (net of fees and commissions, if any) are at least 100% of the aggregate principal amount of the senior notes.

If the remarketing of the senior notes on the final remarketing date is successful, a portion of the proceeds from this remarketing equal to the aggregate principal amount of the senior notes represented by the Corporate Units at the time of remarketing will automatically be applied to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related warrants on the warrant settlement date. The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the aggregate principal amount of the remarketed senior notes from any proceeds from the remarketing in excess of the aggregate principal amount of the senior notes remarketed. The

remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders of the senior notes included in the remarketing.

Following a successful remarketing prior to the third business day immediately preceding the warrant settlement date, holders of Treasury Units can recreate a Corporate Unit at any time prior to the second business day immediately preceding the warrant settlement date as described under "Recreating Corporate Units."

We will cause a notice of any failed remarketing to be published on the business day immediately following the applicable remarketing date, by publication in a daily newspaper in the English language of general circulation in The City of New York, which is expected to be The Wall Street Journal. In addition, we will request, not later than seven nor more than 15 calendar days prior to the applicable remarketing date, that the depository notify its participants holding senior notes, Corporate Units and Treasury Units of the remarketing, including, in the case of a failed remarketing on the final remarketing date, the procedures that must be followed if a senior note holder wishes to exercise its right to put its senior note to us as described in this prospectus supplement. If required, we will use commercially reasonable efforts to ensure that a registration statement covering the full amount of the senior notes to be remarketed will be effective in a form that will enable the remarketing agent to rely on it in connection with the remarketing process.

If a successful remarketing of the senior notes represented by your Corporate Units has not occurred on or prior to the final remarketing date, you will have the right to put your senior notes to us for par, plus accrued and unpaid interest, and unless you have delivered the purchase price in cash to us before the final remarketing date, you will be deemed to have exercised that put right and to have elected to apply a portion of the proceeds of the put equal to the principal amount of the senior notes against your obligations to us under the warrants, thereby satisfying those obligations in full, and we will deliver our common stock to you pursuant to the warrants. In addition, holders of senior notes that are not represented by Corporate Units will have the right to put those senior notes to us for par, plus accrued and unpaid interest, on or after November 16, 2005 by notifying the indenture trustee on or prior to the fifth business day before the date on which the holder puts those senior notes to us.

If you hold Corporate Units, you may elect not to participate in any remarketing and to retain the senior notes represented by your Corporate Units by (1) creating Treasury Units at any time on or prior to the second business day prior to any of the remarketing dates or (2) if the first three remarketing attempts have failed, notifying the warrant agent of your intention to pay cash to satisfy your obligation under the related warrants on or prior to the fifth business day before the warrant settlement date and delivering the cash payment required under the warrants to the collateral agent on or prior to the fourth business day before the warrant settlement date.

### **Early Settlement**

Subject to the conditions described below, a holder of Corporate Units or Treasury Units may settle the related warrants in cash at any time on or prior to the fifth business day immediately preceding the warrant settlement date by presenting and surrendering the related Corporate Unit or Treasury Units certificate, if they are in certificated form, at the offices of the warrant agent with the form of "Election to Settle Early" on the reverse side of such certificate completed and executed as indicated, accompanied by payment to us in immediately available funds of an amount equal to

the stated amount times the number of warrants being settled, plus

if the delivery is made with respect to any warrant during the period from the close of business on any record date next preceding any payment date to the opening of business on such payment date, an amount equal to the warrant fees payable on the payment date with respect to the warrant.

If the Treasury portfolio has replaced the senior notes as a component of Corporate Units, holders of the Corporate Units may settle early only in integral multiples of 4,000 Corporate Units. Holders of Treasury Units may settle early only in integral multiples of 40 Treasury Units.

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So long as the Equity Units are evidenced by one or more global security certificates deposited with the depositary, procedures for early settlement will also be governed by standing arrangements between the depositary and the warrant agent. The early settlement right is also subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect covering the shares of common stock and other securities, if any, deliverable upon settlement of a warrant. We have agreed that, if required under the U.S. federal securities laws, we will (1) use commercially reasonable efforts to have a registration statement in effect covering those shares of common stock and other securities to be delivered in respect of the warrants being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement right.

Upon early settlement of the warrants represented by any Corporate Units or Treasury Units:

except as described below in " Early Settlement Upon Cash Merger," the holder will receive newly issued shares of common stock per Corporate Unit or Treasury Unit, subject to adjustment under the circumstances described under " Anti-Dilution Adjustments," accompanied by an appropriate prospectus if required by law,

the senior notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, related to the Corporate Units or Treasury Units will be transferred to the holder free and clear of our security interest,

the holder's right to receive future warrant fees will terminate, and

no adjustment will be made to or for the holder on account of any amounts accrued in respect of warrant fees.

If the warrant agent receives a Corporate Unit certificate, or Treasury Unit certificate if they are in certificated form accompanied by the completed "Election to Settle Early" and required immediately available funds, from a holder of Corporate Units or Treasury Units by 5:00 p.m., New York City time, on a business day and all conditions to early settlement have been satisfied, that day will be considered the settlement date.

If the warrant agent receives the above after 5:00 p.m., New York City time, on a business day or at any time on a day that is not a business day, the next business day will be considered the settlement date. Upon early settlement of warrants in the manner described above, presentation and surrender of the certificate evidencing the related Corporate Units or Treasury Units if they are in certificated form and payment of any transfer or similar taxes payable by the holder in connection with the issuance of the related common stock to any person other than the holder of the Corporate Units or Treasury Units, we will cause the shares of common stock being purchased to be issued, and the related senior notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, securing the warrants to be released from the pledge under the pledge agreement described in " Pledged Securities and Pledge Agreement" and transferred, within three business days following the settlement date, to the purchasing holder or the holder's designee.

### **Notice to Settle with Cash**

Unless the Treasury portfolio has replaced the senior notes as a component of Corporate Units, a holder of Corporate Units may settle the related warrant with separate cash. A holder of a Corporate Unit wishing to settle the related warrant with separate cash must notify the warrant agent by presenting and surrendering the Corporate Unit certificate evidencing the Corporate Unit at the offices of the warrant agent with the form of "Notice to Settle by Separate Cash" on the reverse side of the certificate completed and executed as indicated on or prior to 5:00 p.m., New York City time, on the fifth business day immediately preceding the warrant settlement date and delivering the required cash payment to the collateral agent on or prior to 5:00 p.m., New York City time, on the fourth business day immediately preceding the warrant settlement date.

If a holder that has given notice of its intention to settle the related warrant with separate cash fails to deliver the cash to the collateral agent on the fourth business day immediately preceding the warrant settlement date, such holder's senior notes will be included in the final remarketing of senior notes occurring on the third business day immediately preceding the warrant settlement date. If such final remarketing is unsuccessful, the holder will be deemed to have exercised its right to put the senior notes to us for par, plus accrued and unpaid interest, and to have elected to apply a portion of the proceeds of the put equal to the principal amount of the senior notes against the holder's obligation under the warrant, which will be deemed to be satisfied in full.

### **Early Settlement Upon Cash Merger**

Prior to the warrant settlement date, if we are involved in a merger in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, which we refer to as a cash merger, then following the cash merger, each holder of a warrant will have the right to accelerate and settle such warrant early at the settlement rate in effect immediately prior to the closing of the cash merger, provided that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement covering the common stock and other securities, if any, to be delivered in respect of the warrants being settled. We refer to this right as the "merger early settlement right."

We will provide each of the holders with a notice of the completion of a cash merger within five business days thereof. The notice will specify a date, which shall be 10 days after the date of the notice but no later than five business days prior to the warrant settlement date by which each holder's merger early settlement right must be exercised. The notice will set forth, among other things, the applicable settlement rate and the amount of the cash, securities and other consideration receivable by the holder upon settlement. To exercise the merger early settlement right, you must deliver to the warrant agent, three business days before the early settlement date, the certificate evidencing your Corporate Units or Treasury Units if they are held in certificated form, and payment of the applicable purchase price in immediately available funds.

If you exercise the merger early settlement right, we will deliver to you on the early settlement date the kind and amount of securities, cash or other property that you would have been entitled to receive if you had settled the warrant immediately before the cash merger at the settlement rate in effect at such time. You will also receive the senior notes, applicable ownership interests in the Treasury portfolio or Treasury securities represented by the Corporate Units or Treasury Units, as the case may be. If you do not elect to exercise your merger early settlement right, your Corporate Units or Treasury Units will remain outstanding and subject to normal settlement on the settlement date. We have agreed that, if required under the U.S. federal securities laws, we will use commercially reasonable efforts to (1) have in effect a registration statement covering the common stock and other securities, if any, to be delivered in respect of the warrants being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement upon a cash merger.

If the Treasury portfolio has replaced the senior notes as a component of Corporate Units, holders of the Corporate Units may exercise the merger early settlement right only in integral multiples of Corporate Units. A holder of Treasury Units may exercise the merger early settlement right only in integral multiples of 40 Treasury Units.

### **Warrant Fees**

Warrant fees will be fixed at a rate per year of 3.00% of the stated amount of \$25 per warrant. Warrant fees payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Warrant fees will accrue from December 2, 2002 and will be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, commencing February 16, 2003. We have the right to defer the payment of these warrant fees as described below under " Option to Defer Warrant Fees."

Warrant fees will be payable to the holders of warrants as they appear on the books and records of the warrant agent at the close of business on the relevant record dates, which will be on the first day of the month in which the relevant payment date falls. These distributions will be paid through the warrant agent, who will hold amounts received in respect of the warrant fees for the benefit of the holders of the warrants relating to the Equity Units. Subject to any applicable laws and regulations, each such payment will be made as described under " Book-Entry System."

If any date on which warrant fees are to be made on the warrants represented by the Equity Units is not a business day, then payment of the warrant fees payable on that date will be made on the next succeeding day which is a business day, and no interest or payment will be paid in respect of the delay. However, if that business day is in the next succeeding calendar year, that payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on that payment date. A business day means any day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in the City of New York are permitted or required by any applicable law to close.

Our obligations with respect to warrant fees will be subordinated and junior in right of payment to our obligations under any of our indebtedness.

#### **Option to Defer Warrant Fees**

We may, at our option and upon prior written notice to the holders of Equity Units and the warrant agent, defer the payment of warrant fees on each related warrant forming a part of an Equity Unit until no later than the warrant settlement date or, if applicable, the date of any earlier settlement of the warrant. However, deferred warrant fees will bear additional warrant fees at the rate of 7.00% per year (compounding on each succeeding payment date) until paid. If the warrants are terminated (upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us), the right to receive future warrant fees will also terminate.

In the event that we elect to defer the payment of warrant fees on the warrants, each holder of Equity Units will receive, on the earlier of the warrant settlement date and the date of any earlier settlement of the warrant, the aggregate amount of deferred warrant fees on the related warrant in cash to the extent such amounts are not deducted from the settlement price payable to us.

In the event we exercise our option to defer the payment of warrant fees, then until the deferred warrant fees have been paid, we will not, and will not permit our subsidiaries to, declare or pay dividends on, make other distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any of our capital shares or their shares; provided that the foregoing will not restrict any of our subsidiaries from declaring or paying such dividends, or making such distributions, to us or any of our other subsidiaries.

#### **Anti-Dilution Adjustments**

The formula for determining the settlement rate will be subject to adjustment, without duplication, upon the occurrence of certain events, including:

- (a) the payment of stock dividends and distributions of shares of common stock on the outstanding shares of common stock;
- (b) the issuance to all holders of outstanding shares of common stock of rights, warrants or options (other than pursuant to any dividend reinvestment or share purchase plans) entitling them, for a period of up to 45 days, to subscribe for or purchase shares of common stock at less than the current market price thereof;
- (c) subdivisions, splits and combinations of shares of common stock;
- (d) distributions to all holders of outstanding shares of common stock of evidences of our indebtedness, shares of capital stock, securities, cash or property (excluding any dividend or

distribution covered by clause (a) or (b) above and any dividend or distribution paid exclusively in cash);

(e)

distributions (other than regular quarterly cash distributions) consisting exclusively of cash to all holders of outstanding shares of common stock in an aggregate amount that, together with (1) other all-cash distributions (other than regular quarterly cash distributions) made within the preceding 12 months and (2) any cash and the fair market value, as of the expiration of the tender or exchange offer referred to below, of consideration payable in respect of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) by us or any of our subsidiaries for shares of common stock concluded within the preceding 12 months, exceeds 10% of our aggregate market capitalization (aggregate market capitalization being the product of the current market price of shares of common stock multiplied by the number of shares of common stock then outstanding) on the record date for such distribution; and

(f)

the successful completion of a tender or exchange offer made by us or any of our subsidiaries for shares of common stock which involves an aggregate consideration that, together with (1) any cash and the fair market value of other consideration payable in respect of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) by us or any of our subsidiaries for the common stock concluded within the preceding 12 months and (2) the aggregate amount of any all-cash distributions (other than regular quarterly cash distributions) to all holders of shares of common stock within the preceding 12 months, exceeds 10% of our aggregate market capitalization on the expiration of the tender or exchange offer.

If the rights provided for in our rights agreement dated as of March 12, 1999 have separated from our common stock in accordance with the provisions of the rights agreement so that the holders of the warrants would not be entitled to receive any rights in respect of the common stock issuable on the warrant settlement date, the settlement rate will be adjusted as if we distributed to all holders of our common stock, evidences of indebtedness, shares of capital stock, securities, cash or property as described under clause (d) above, subject to readjustment in the event of the expiration, termination or redemption of the rights. In lieu of any such adjustment, we may amend our rights agreement to provide that on the warrant settlement date the holders will receive, in addition to the common stock issuable on such date, the rights which would have attached to such shares of common stock if the rights had not become separated from the common stock under our rights agreement. To the extent that we adopt any future rights plan, on the warrant settlement date, you will receive, in addition to the common stock, the rights under the future rights plan whether or not the rights have separated from the common stock on the warrant settlement date and no adjustment to the settlement rate shall be made in accordance with clause (d) above.

The "current market price" per share of common stock on any day means the average of the daily closing prices on each of the 20 consecutive trading days ending on the earlier of the day in question and the day before the "ex date" with respect to the issuance or distribution requiring the computation. For purposes of this paragraph, the term "ex date," when used with respect to any issuance or distribution, will mean the first date on which the common stock trades regular way on the applicable exchange or in the applicable market without the right to receive the issuance or distribution.

In the case of certain reclassifications, consolidations, mergers, sales or transfers of assets or other transactions that cause our common stock to be converted into the right to receive other securities, cash or property, each warrant then outstanding would, without the consent of the holders of the related Corporate Units or Treasury Units, as the case may be, become a warrant with respect to such other securities, cash and property instead of our common stock. Upon the occurrence of any such transaction, on the warrant settlement date the settlement rate then in effect will be applied to the value, on the warrant settlement date, of the securities, cash or property a holder would have received had it held shares covered by the warrant when such transaction occurred.

If at any time we make a distribution of property to our stockholders which would be taxable to the stockholders as a dividend for United States federal income tax purposes (i.e., distributions out of our

current or accumulated earnings and profits or distributions of evidences of indebtedness or assets, but generally not stock dividends or rights to subscribe for capital stock) and, pursuant to the settlement rate adjustment provisions of the warrant agreement, the settlement rate is increased, this increase may give rise to a taxable dividend to holders of Corporate Units.

In addition, we may make increases in the settlement rate as our board of directors deems advisable to avoid or diminish any income tax to holders of our capital stock resulting from any dividend or distribution of capital stock (or rights to acquire capital stock) or from any event treated as such for income tax purposes or for any other reasons.

Adjustments to the settlement rate will be calculated to the nearest 1/10,000th of a share. No adjustment in the settlement rate will be required unless the adjustment would require an increase or decrease of at least one percent in the settlement rate. However, any adjustments which are not required to be made because they would have required an increase or decrease of less than one percent will be carried forward and taken into account in any subsequent adjustment.

We will be required, within ten business days following the adjustment to the settlement rate, to provide written notice to the warrant agent of the occurrence of the adjustment and a statement in reasonable detail setting forth the method by which the adjustment to the settlement rate was determined and setting forth the revised settlement rate.

Each adjustment to the settlement rate will result in a corresponding adjustment to the number of shares of common stock issuable upon early settlement of a warrant. Each adjustment to the settlement rate will also result in an adjustment to the applicable market value solely to determine which of the three clauses in the definition of settlement rate will be applicable on November 16, 2005.

### **Termination**

The warrants, and our rights and obligations and the rights and obligations of the holders of the Corporate Units and Treasury Units under the warrants, including the right and obligation to purchase shares of common stock and the right to receive accrued warrant fees, will immediately and automatically terminate, without any further action, upon the termination of the warrants as a result of our bankruptcy, insolvency or reorganization.

Upon a termination of the warrants, the collateral agent will release the securities held by it to the warrant agent for distribution to the holders. If a holder would otherwise have been entitled to receive less than \$1,000 principal amount at maturity of any Treasury security upon termination of the warrant, the warrant agent will dispose of the security for cash and pay the cash to the holder. Upon termination, however, the release and distribution may be subject to a delay. If we become the subject of a case under the federal bankruptcy code, a delay in the release of the pledged senior notes or Treasury securities may occur as a result of the automatic stay under the bankruptcy code and continue until the automatic stay has been lifted. The automatic stay will not be lifted until such time as the bankruptcy court agrees to lift it and permit the return of your collateral to you. In such a case under the federal bankruptcy code, claims arising out of the senior notes, like all other claims in bankruptcy proceedings, will be subject to the jurisdiction and equitable powers of the bankruptcy court.

If the holder's warrant is terminated as a result of our bankruptcy, insolvency or reorganization, such holder will have no right to receive any accrued warrant fees.

### **Pledged Securities and Pledge Agreement**

Pledged securities will be held by the collateral agent, for our benefit, pursuant to the pledge agreement and pledged to secure the obligations of holders of Corporate Units and Treasury Units to purchase shares of common stock under the related warrants. The rights of holders of Corporate Units and Treasury Units to the pledged securities represented by such Corporate Units or Treasury Units will be subject to our security interest created by the pledge agreement. The pledge agreement provides that if the senior notes are not successfully remarketed by November 16, 2005, then the holder of a Corporate Unit



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has the right to satisfy its obligation to us under the warrants in full using a portion of the proceeds from the holder's right to put the senior notes to us at par, plus accrued and unpaid interest.

No holder of Corporate Units or Treasury Units will be permitted to withdraw the pledged securities related to the Corporate Units or Treasury Units from the pledge arrangement except:

to substitute Treasury securities for the related senior notes or the applicable ownership interest in the Treasury portfolio, as the case may be, as provided for under "Description of the Equity Units Creating Treasury Units,"

to substitute senior notes or the applicable ownership interest of the Treasury portfolio, as the case may be, for the related Treasury securities, as provided for under "Description of the Equity Units Recreating Corporate Units," or

upon the termination or early settlement of the related warrants.

Subject to the security interest and the terms of the warrant agreement and the pledge agreement, each holder of Corporate Units, unless the Treasury portfolio has replaced the senior notes as a component of Corporate Units, will be entitled through the warrant agent and the collateral agent to all of the proportional rights of the related senior notes, including voting and redemption rights. Each holder of Treasury Units and each holder of Corporate Units, if the Treasury portfolio has replaced the senior notes as a component of Corporate Units, will retain beneficial ownership of the related Treasury securities or the applicable ownership interest of the Treasury portfolio, as applicable, pledged in respect of the related warrants. We will have no interest in the pledged securities other than our security interest.

Except as described in "Certain Provisions of the Warrants, Warrant Agreement and the Pledge Agreement General," the collateral agent will, upon receipt, if any, of payments on the pledged securities, distribute the payments to the warrant agent, which will in turn distribute those payments, together with warrant fees received from us, to the persons in whose names the related Corporate Units or Treasury Units are registered at the close of business on the record date immediately preceding the date of payment.

### **Book-Entry System**

The Depository Trust Company, which we refer to along with its successors in this capacity as the depository, will act as securities depository for the Corporate Units and Treasury Units. The Corporate Units and Treasury Units will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee. One or more fully registered global security certificates, representing the total aggregate number of Corporate Units and Treasury Units, will be issued and will be deposited with the depository and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Corporate Units or the Treasury Units so long as the Corporate Units or the Treasury Units are represented by global security certificates.

The depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. The depository holds securities that its participants deposit with the depository. The depository also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is owned by a number of its direct participants and by the New York Stock

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Exchange, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the depositary's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly, or indirectly. The rules applicable to the depositary and its participants are on file with the SEC.

In the event that

the depositary notifies us that it is unwilling or unable to continue as a depositary for the global security certificates and no successor depositary has been appointed within 90 days after this notice,

the depositary at any time ceases to be a clearing agency registered under the Securities Exchange Act of 1934 when the depositary is required to be so registered to act as the depositary and no successor depositary has been appointed within 90 days after we learn that the depositary has ceased to be so registered, or

we, in our sole discretion, determine that the global security certificates shall be so exchangeable,

certificates for the Corporate Units or Treasury Units will be printed and delivered in exchange for beneficial interests in the global security certificates. Any global Corporate Unit or Treasury Unit that is exchangeable pursuant to the preceding sentence will be exchangeable for Corporate Unit or Treasury Unit certificates registered in the names directed by the depositary. We expect that these instructions will be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in the global security certificates.

As long as the depositary or its nominee is the registered owner of the global security certificates, the depositary or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all Corporate Units or Treasury Units represented by these certificates for all purposes under the Corporate Units or Treasury Units and the warrant agreement. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates

will not be entitled to have such global security certificates or the Corporate Units or Treasury Units represented by these certificates registered in their names,

will not receive or be entitled to receive physical delivery of Corporate Unit or Treasury Unit certificates in exchange for beneficial interests in global security certificates, and

will not be considered to be owners or holders of the global security certificates or any Corporate Units or Treasury Units represented by these certificates for any purpose under the Corporate Units or Treasury Units or the warrant agreement.

All payments on the Corporate Units or Treasury Units represented by the global security certificates and all transfers and deliveries of related senior notes, Treasury portfolio, Treasury securities and shares of common stock will be made to you via the depositary or its nominee, as the case may be.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depositary or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depositary or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Procedures for settlement of warrants on November 16, 2005 or upon early settlement will be governed by arrangements among the depositary, participants and persons that may hold beneficial interests through participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depositary from time to time. None of us, the warrant agent or any agent of ours, or the warrant agent will have any responsibility or liability for any aspect of the depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining,

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supervising or reviewing any of the depositary's records or any participant's records relating to these beneficial ownership interests.

Although the depositary has agreed to the foregoing procedures in order to facilitate transfer of interests in the global security certificates among participants, the depositary is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by the depositary or its direct participants or indirect participants under the rules and procedures governing the depositary.

The information in this section concerning the depositary and its book-entry system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

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**CERTAIN PROVISIONS OF THE WARRANTS, THE WARRANT AGREEMENT AND  
THE PLEDGE AGREEMENT**

*This summary summarizes some of the other provisions of the warrant agreement and the pledge agreement. This summary should be read together with the warrant agreement and pledge agreement, forms of which have been or will be filed and incorporated by reference as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.*

**General**

Except as described in "Description of the Warrants Book-Entry System," payments on the warrants and senior notes represented by the Equity Units will be made, warrants (and documents relating to the Corporate Units, Treasury Units and warrants) will be settled, and transfers of the Corporate Units and Treasury Units will be registrable, at the office of the warrant agent in the Borough of Manhattan, The City of New York. In addition, if the Corporate Units and Treasury Units do not remain in book-entry form, payment on the warrants and the senior notes represented by the Equity Units may be made, at our option, by check mailed to the address of the holder entitled to payment as shown on the security register or by a wire transfer to the account designated by the holder by a prior written notice.

Shares of common stock will be delivered on November 16, 2005 (or earlier upon early settlement), or, if the warrants have terminated, the related pledged securities will be delivered (potentially after a delay as a result of the imposition of the automatic stay under the Bankruptcy Code, see "Description of the Warrants Termination") at the office of the warrant agent upon presentation and surrender of the applicable certificate.

If you fail to present and surrender the certificate evidencing the Corporate Units or Treasury Units to the warrant agent on or prior to the warrant settlement date, the shares of common stock issuable upon settlement of the related warrant will be registered in the name of the warrant agent. The shares, together with any distributions, will be held by the warrant agent as agent for your benefit until the certificate is presented and surrendered or you provide satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the warrant agent and us.

If the warrants terminate prior to the warrant settlement date, the related pledged securities are transferred to the warrant agent for distribution to the holders, and a holder fails to present and surrender the certificate evidencing the holder's Corporate Units or Treasury Units to the warrant agent, the related pledged securities delivered to the warrant agent and payments on the pledged securities will be held by the warrant agent as agent for the benefit of the holder until the applicable certificate is presented or the holder provides the evidence and indemnity described above.

The warrant agent will have no obligation to invest or to pay interest on any amounts held by the warrant agent pending payment to any holder.

No service charge will be made for any registration of transfer or exchange of the Corporate Units or Treasury Units, except for any tax or other governmental charge that may be imposed in connection with a transfer or exchange.

**Modification**

The warrant agreement and the pledge agreement will contain provisions permitting us and the warrant agent, and in the case of the pledge agreement, the collateral agent, to modify the warrant agreement or the pledge agreement without the consent of the holders for any of the following purposes:

to evidence the succession of another person to our obligations;

to add to the covenants for the benefit of holders or to surrender any of our rights or powers under those agreements;

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to evidence and provide for the acceptance of appointment of a successor warrant agent or a successor collateral agent or securities intermediary;

to make provision with respect to the rights of holders pursuant to adjustments in the settlement rate due to consolidations, mergers or other reorganization events;

to cure any ambiguity, to correct any error or to correct or supplement any provision that may be inconsistent with any other provision; and

to make any other provisions with respect to such matters or questions, provided that such action shall not materially adversely affect the interest of the holders.

The warrant agreement and the pledge agreement will contain provisions permitting us and the warrant agent, and in the case of the pledge agreement, the collateral agent, with the consent of the holders of not less than a majority of the warrants at the time outstanding to modify the terms of the warrants, the warrant agreement or the pledge agreement. However, no such modification may, without the consent of the holder of each outstanding warrant affected by the modification,

change any payment date,

change the amount or type of pledged securities related to the warrant, impair the right of the holder of any pledged securities to receive distributions on the pledged securities or otherwise adversely affect the holder's rights in or to the pledged securities,

change the place or currency of payment or reduce any warrant fees,

impair the right to institute suit for the enforcement of the warrant or payment of any warrant fees,

reduce the number of shares of common stock purchasable under the warrant, increase the price to purchase shares of common stock upon settlement of the warrant, change the warrant settlement date or the right to early settlement or otherwise adversely affect the holder's rights under the warrant, or

reduce the above-stated percentage of outstanding warrants the consent of the holders of which is required for the modification or amendment of the provisions of the warrants, the warrant agreement or the pledge agreement.

If any amendment or proposal referred to above would adversely affect only the Corporate Units or the Treasury Units, then only the affected class of holders will be entitled to vote on the amendment or proposal, and the amendment or proposal will not be effective except with the consent of the holders of not less than a majority of the affected class or of all of the holders of the affected classes, as applicable.

### **No Consent to Assumption**

Each holder of Equity Units, will under the terms of the warrant agreement and the Corporate Units or Treasury Units, as applicable, be deemed expressly to have withheld any consent to the assumption (i.e., affirmance) by us or our trustee of the warrants represented by such Equity Units if we become the subject of a case under the Bankruptcy Code or other similar state or federal law provision for reorganization or liquidation.

### **Consolidation, Merger, Sale or Conveyance**

We will covenant in the warrant agreement that we will not merge with and into, consolidate with or convert into any other entity or sell, assign, transfer, lease or convey all or substantially all of our properties and assets to any person or entity, unless (1) the successor entity is an entity organized and existing under the laws of the United States of America or a U.S. state or the District of Columbia and that entity expressly assumes our obligations under the warrants, the warrant agreement, the pledge agreement and the remarketing agreement and (2) the successor

entity is not, immediately after the merger, consolidation, conversion, sale, assignment, transfer, lease or conveyance, in default of its payment

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obligations under the warrants, the warrant agreement, the pledge agreement and the remarketing agreement or in material default in the performance of any other covenants under these agreements.

**Title**

We, the warrant agent and the collateral agent may treat the registered owner of any Corporate Units or Treasury Units as the absolute owner of the Corporate Units or Treasury Units for the purpose of making payment and settling the related warrants and for all other purposes.

**Replacement of Equity Unit Certificates**

In the event that physical certificates have been issued, any mutilated Corporate Unit or Treasury Unit certificate will be replaced by us at the expense of the holder upon surrender of the certificate to the warrant agent. Corporate Unit or Treasury Unit certificates that become destroyed, lost or stolen will be replaced by us at the expense of the holder upon delivery to us and the warrant agent of evidence of their destruction, loss or theft satisfactory to us and the warrant agent. In the case of a destroyed, lost or stolen Corporate Unit or Treasury Unit certificate, an indemnity satisfactory to the warrant agent and us may be required at the expense of the holder of the Corporate Units or Treasury Units evidenced by the certificate before a replacement will be issued.

Notwithstanding the foregoing, we will not be obligated to issue any Corporate Unit or Treasury Unit certificates on or after the business day immediately preceding the warrant settlement date (or after early settlement) or after the warrants have terminated. The warrant agreement will provide that, in lieu of the delivery of a replacement Corporate Unit or Treasury Unit certificate following the warrant settlement date, the warrant agent, upon delivery of the evidence and indemnity described above, will deliver the shares of common stock issuable pursuant to the warrants represented by the Corporate Units or Treasury Units evidenced by the certificate, or, if the warrants have terminated prior to the warrant settlement date, transfer the pledged securities represented by the Corporate Units or Treasury Units evidenced by the certificate.

**Governing Law**

The warrant agreement, the pledge agreement and the warrants will be governed by, and construed in accordance with, the laws of the State of New York.

**Information Concerning the Warrant Agent**

Bank One Trust Company, N.A. will be the warrant agent. The warrant agent will act as the agent for the holders from time to time of the warrants represented by Corporate Units and Treasury Units from time to time. The warrant agreement will not obligate the warrant agent to exercise any discretionary actions in connection with a default under the terms of the warrants or the warrant agreement.

The warrant agreement will contain provisions limiting the liability of the warrant agent. The warrant agreement will contain provisions under which the warrant agent may resign or be replaced. This resignation or replacement would be effective upon the acceptance of appointment by a successor.

Bank One Trust Company, N.A. maintains commercial banking relationships with us.

**Information Concerning the Collateral Agent**

BNY Midwest Trust Company will be the collateral agent. The collateral agent will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with any of the holders of the Corporate Units or Treasury Units except for the obligations owed by a pledgee of property to the owner of the property under the pledge agreement and applicable law.

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The pledge agreement will contain provisions limiting the liability of the collateral agent. The pledge agreement will contain provisions under which the collateral agent may resign or be replaced. This resignation or replacement would be effective upon the acceptance of appointment by a successor.

### **Miscellaneous**

The warrant agreement will provide that we will pay all fees and expenses other than underwriters' expenses (including counsel) related to the offering of the warrants, the retention of the collateral agent and the enforcement by the warrant agent of the rights of the holders of the warrants.

Should you elect to substitute the related pledged securities, create Treasury Units or recreate Corporate Units, you will be responsible for any fees or expenses payable in connection with that substitution, as well as any commissions, fees or other expenses incurred in acquiring the pledged securities to be substituted, and we will not be responsible for any of those fees or expenses.

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## DESCRIPTION OF THE SENIOR NOTES

*The following description is a summary of the terms of our senior notes. The descriptions in this prospectus supplement and the accompanying prospectus contain a description of certain terms of the senior notes and the indenture but do not purport to be complete, and reference is hereby made to the indenture, which is incorporated by reference into the registration statement, and to the Trust Indenture Act. This summary supplements the description of the senior debt securities in the accompanying prospectus and, to the extent it is inconsistent, replaces the description in the accompanying prospectus.*

### General

The senior notes will be issued under an indenture dated as of October 25, 1989 between us and Bank One Trust Company, N.A. (formerly The First National Bank of Chicago), as indenture trustee (the "indenture").

The senior notes will be senior debt securities that will be our direct, unsecured obligations and will rank without preference or priority among themselves and equally with all of our existing and future unsecured senior indebtedness. The senior notes initially will be issued in an aggregate principal amount equal to \$525,000,000. If the over-allotment option is exercised in full by the underwriters an additional \$75,000,000 of the senior notes will be issued.

We are a holding company that derives all our income from our subsidiaries. Accordingly, our ability to service our debt, including our obligations under the senior notes, and other obligations are primarily dependent on the earnings of our respective subsidiaries and the payment of those earnings to us, in the form of dividends, loans or advances and through repayment of loans or advances from us. In addition, any payment of dividends, loans or advances by those subsidiaries could be subject to statutory or contractual restrictions. Our subsidiaries have no obligation to pay any amounts due on the senior notes.

The senior notes will not be subject to a sinking fund provision and will not be subject to defeasance. Unless a special event redemption occurs prior to November 16, 2005, the entire principal amount of the senior notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on November 16, 2007.

The indenture trustee will initially be the security registrar and the paying agent for the senior notes. Senior notes represented by the Corporate Units will be issued in certificated form, will be in denominations of \$25 and integral multiples of \$25, without coupons, and may be transferred or exchanged, without service charge but upon payment of any taxes or other governmental charges payable in connection with the transfer or exchange, at the office described below. Payments on senior notes issued as a global security will be made to the depository or a successor depository. Principal and interest with respect to certificated notes will be payable, the transfer of the senior notes will be registrable and senior notes will be exchangeable for notes of a like aggregate principal amount in denominations of \$25 and integral multiples of \$25, at the office or agency maintained by us for this purpose in The City of New York. We have initially designated the corporate trust office of the indenture trustee as that office. However, at our option, payment of interest may be made by check mailed to the address of the holder entitled to payment or by wire transfer to an account appropriately designated by the holder entitled to payment.

The indenture does not contain provisions that afford holders of the senior notes protection in the event we are involved in a highly leveraged transaction or other similar transaction that may adversely affect such holders. The indenture does not limit our ability to issue or incur other debt or issue preferred stock.

### Interest

Each senior note will bear interest initially at the rate of 4.00% per year from the original issuance date, payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year,

commencing February 16, 2003 to the person in whose name the senior note is registered at the close of business on the first day of the month in which the interest payment date falls.

The applicable interest rate on the senior notes may be reset to the reset rate upon successful remarketing as described above under "Description of the Warrants Remarketing." The reset rate will become effective on the reset effective date, which is three business days immediately following a successful remarketing. If the senior notes are not successfully remarketed, the interest rate on the senior notes will not be reset.

The amount of interest payable on the senior notes for any period will be computed (1) for any full quarterly period on the basis of a 360-day year of twelve 30-day months and (2) for any period shorter than a full quarterly period, on the basis of a 30-day month and, for any period less than a month, on the basis of the actual number of days elapsed per 30-day month. In the event that any date on which interest is payable on the senior notes is not a business day, then payment of the interest payable on such date will be made on the next day that is a business day (and without any interest or other payment in respect of any such delay), except that, if such business day is in the next calendar year, then such payment will be made on the preceding business day.

#### **Market Reset Rate**

The reset rate will be equal to the rate that is sufficient to allow a successful remarketing of the senior notes and will be determined by the remarketing agent. In the case of a reset prior to the third business day immediately preceding the warrant settlement date, which rate would be effective on the third business day following the date of such successful remarketing, the reset rate will be the rate determined by the remarketing agent as the rate the senior notes should bear in order for the senior notes represented by Corporate Units to have an aggregate market value on the reset date of approximately (but not less than) 100.50% of the Treasury portfolio purchase price described under "Description of the Warrants Remarketing." In the case of a reset on the third business day immediately preceding the warrant settlement date, the reset rate will be the rate determined by the remarketing agent as the rate the senior notes should bear in order for each senior note to have an approximate market value of 100.50% of the principal amount of the senior notes, except that the remarketing on the final remarketing date will be considered successful if the resulting proceeds (net of fees and commissions, if any) are at least 100% of the aggregate principal amount of the senior notes.

#### **Optional Remarketing**

On or prior to the fifth business day immediately preceding any remarketing date, but no earlier than the payment date immediately preceding such date, holders of senior notes that are not represented by Corporate Units may elect to have their senior notes remarketed in the same manner and at the same price as senior notes that are represented by Corporate Units by delivering their senior notes along with a notice of this election to the custodial agent. The custodial agent will hold the senior notes in an account separate from the collateral account in which the pledged securities will be held. Holders of senior notes electing to have their senior notes remarketed will also have the right to withdraw the election on or prior to the fifth business day immediately preceding the applicable remarketing date. Holders of Treasury Units that are also holders of senior notes that are not represented by the Corporate Units may also participate in any remarketing by recreating Corporate Units from their Treasury Units at any time on or prior to the second business day immediately prior to any of the remarketing dates.

#### **Put Option upon a Failed Final Remarketing**

If the senior notes have not been successfully remarketed by the warrant settlement date, the holders of senior notes will have the right to put their senior notes to us for par, plus accrued and unpaid interest. Holders of senior notes that are represented by Corporate Units will be deemed to have exercised that put right on the warrant settlement date. Holders of senior notes that are not represented by Corporate Units

may put their senior notes to us on or after November 16, 2005 by notifying the indenture trustee on or prior to the fifth business day before the date on which the holder puts those senior notes to us.

#### **Events of Default**

In addition to the events of default described in the accompanying prospectus under "Description of the Debt Securities Events of Default," it shall be an event of default under the senior notes if we fail on the date payment is due to pay the put price of any senior notes following the exercise of the put right by any holder of senior notes.

#### **Optional Redemption Special Event**

If a special event, as defined below, occurs and is continuing, prior to the earlier of (1) the date of a successful remarketing or (2) the warrant settlement date, we may redeem, at our option on any interest payment date, the senior notes in whole, but not in part, at a price equal to, for each senior note, the redemption amount, as defined below, plus accrued and unpaid interest thereon, which we refer collectively to as the redemption price, to the date of redemption, which we refer to as the "special event redemption date." The redemption price payable in respect of all senior notes represented by Corporate Units will be distributed to the collateral agent, which in turn will apply an amount equal to the redemption amount of such redemption price to purchase the Treasury portfolio on behalf of the holders of the Corporate Units and remit the remaining portion (net of fees and expenses, if any), if any, of such redemption price to the warrant agent for payment to the holders of the Corporate Units. Thereafter, the applicable ownership interest of the Treasury portfolio will be substituted for the senior notes and will be held by the collateral agent and pledged to secure the Corporate Unit holders' obligations to purchase our shares of common stock, under the related warrant. Holders of senior notes that are not represented by Corporate Units will directly receive proceeds from the redemption of the senior notes.

"Special event" means either a tax event or an accounting event, each as defined below.

"Accounting event" means the receipt by the audit committee of our Board of Directors of a written report in accordance with Statement on Auditing Standards ("SAS") No. 97, "Amendment to SAS No. 50 Reports on the Application of Accounting Principles", from our independent auditors, provided at the request of management, to the effect that, as a result of a change in accounting rules after the date of original issuance of the senior notes, we must either (a) account for the warrants as derivatives under SFAS 133 (or any successor accounting standard) or (b) account for the Equity Units using the if-converted method under SFAS 128 (or any successor accounting standard), and that such accounting treatment will cease to apply upon redemption of the senior notes.

"Tax event" means the receipt by us of an opinion of counsel, rendered by a law firm having a recognized national tax practice, to the effect that, as a result of any amendment to, change in or announced proposed change in the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, or as a result of any official administrative decision, pronouncement, judicial decision or action interpreting or applying such laws or regulations, which amendment or change is effective or which proposed change, pronouncement, action or decision is announced on or after the date of original issuance of the senior notes, there is more than an insubstantial increase in the risk that interest payable by us on the senior notes is not, or within 90 days of the date of such opinion, will not be, deductible by us, in whole or in part, for United States federal income tax purposes.

"Redemption amount" means, for each senior note, the product of the principal amount of such senior note and a fraction, the numerator of which is the Treasury portfolio purchase price, as defined below, and the denominator of which is the applicable principal amount, as defined below.

"Treasury portfolio purchase price" means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer to the quotation agent between 9:00 a.m. and 11:00 a.m., New York City time, as defined below, on the third business day immediately preceding the special event redemption

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date for the purchase of the Treasury portfolio described below for settlement on the special event redemption date.

"Applicable principal amount" means the aggregate principal amount of the senior notes that are represented by Corporate Units on the special event redemption date.

"Treasury portfolio" means a portfolio of U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to November 16, 2005 in an aggregate amount at maturity equal to the applicable principal amount and with respect to each scheduled interest payment date on the senior notes that occurs after the special event redemption date, to and including the warrant settlement date, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the business day immediately preceding such scheduled interest payment date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would be due on the applicable principal amount of the senior notes on such date.

"Quotation agent" means any primary U.S. government securities dealer selected by us.

### **Agreement by Purchasers of Certain Tax Treatment**

Each senior note will provide that, by acceptance of the senior note or a beneficial interest therein, you intend that the senior note constitutes debt and you agree to treat it as debt for United States federal, state and local tax purposes.

### **Book-Entry System**

Senior notes that are released from the pledge following substitution or settlement of the warrants will be issued in the form of one or more global certificates, which are referred to as global securities, registered in the name of the depository or its nominee. Except under the limited circumstances described below or except upon recreation of Corporate Units, senior notes represented by the global securities will not be exchangeable for, and will not otherwise be issuable as, senior notes in certificated form. The global securities described above may not be transferred except by the depository to a nominee of the depository or by a nominee of the depository to the depository or another nominee of the depository or to a successor depository or its nominee.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in such a global security.

Except as provided below, owners of beneficial interests in such a global security will not be entitled to receive physical delivery of senior notes in certificated form and will not be considered the holders (as defined in the indenture) thereof for any purpose under the indenture, and no global security representing senior notes shall be exchangeable, except for another global security of like denomination and tenor to be registered in the name of the depository or its nominee or a successor depository or its nominee. Accordingly, each beneficial owner must rely on the procedures of the depository or if such person is not a participant, on the procedures of the participant through which such person owns its interest to exercise any rights of a holder under the indenture.

In the event that

the depository notifies us that it is unwilling or unable to continue as a depository for the global security certificates and no successor depository has been appointed within 90 days after this notice,

an event of default occurs and is continuing with respect to the senior notes; or

we determine in our sole discretion that we will no longer have senior notes represented by global securities,

certificates for the senior notes will be printed and delivered in exchange for beneficial interests in the global security certificates. Any global note that is exchangeable pursuant to the preceding sentence shall

be exchangeable for senior note certificates registered in the names directed by the depository. We expect that these instructions will be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in the global security certificates.

### UNITED STATES FEDERAL INCOME TAX

The following is a discussion of the principal U.S. federal income tax consequences of the purchase, ownership and disposition of Equity Units and the senior notes, Treasury securities (including an applicable ownership interest in the Treasury portfolio) and warrants that are or may be the components of Equity Units, and shares of our common stock acquired through a warrant. This discussion is addressed only to holders of Equity Units who purchase Equity Units in the initial offering at their original offering price and hold the Equity Units, senior notes, Treasury securities, warrants and shares of our common stock as capital assets. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations and proposed Treasury regulations issued under the Code, Internal Revenue Service ("IRS") rulings and pronouncements and judicial decisions now in effect, all of which may change, possibly with retroactive effect.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to holders in light of their particular circumstances, such as holders to whom special tax treatment applies, including (1) banks, regulated investment companies, real estate investment trusts, insurance companies, dealers in securities or currencies or tax-exempt organizations, (2) persons holding Equity Units, senior notes or shares of our common stock as part of a straddle, hedge, conversion transaction or other integrated investment, (3) U.S. holders (as defined below) whose functional currency is not the U.S. dollar, or (4) traders in securities that elect to use a mark to market method of accounting for their securities holdings. In addition, this discussion does not address alternative minimum taxes or state, local or foreign taxes.

No statutory, administrative or judicial authority directly addresses the treatment of Equity Units or instruments similar to Equity Units for U.S. federal income tax purposes. As a result, no assurance can be given that the IRS or a court will agree with the tax consequences described in this discussion. A differing treatment from that assumed below could adversely affect the amount, timing and character of income, gain or loss in respect of an investment in the Equity Units. Prospective investors are urged to consult their own tax advisors with respect to the U.S. federal income tax consequences of the purchase, ownership and disposition of Equity Units, senior notes, Treasury securities and shares of our common stock acquired under a warrant in light of their own particular circumstances, as well as the effect of any state, local or foreign tax laws.

#### Consequences to U.S. Holders

The following is a discussion of U.S. federal income tax considerations relevant to a "U.S. holder" of Equity Units. For purposes of this discussion, the term U.S. holder means an individual who is a citizen or resident of the United States, a U.S. domestic corporation or any other entity or person generally subject to U.S. federal income tax on a net income basis.

#### Classification of Senior Notes and Warrants

*Classification of the senior notes.* In connection with the issuance of the senior notes, our counsel, Cleary, Gottlieb, Steen & Hamilton, has advised us that the senior notes will be classified as indebtedness for U.S. federal income tax purposes. We agree, under the terms of the senior notes, and each U.S. holder, by acquiring senior notes, agrees to treat the senior notes as our indebtedness for all tax purposes.

*Classification of warrants.* Although described as "warrants," for U.S. federal income tax purposes, the warrants should be treated as forward contracts for the purchase of our common stock on November 16, 2005 for \$25 purchase price, and by purchasing an Equity Unit, each U.S. holder agrees to treat the warrants as such for U.S. federal income tax purposes. This discussion assumes such treatment.

## Equity Units

*Ownership of senior notes or Treasury securities.* For U.S. federal income tax purposes, a U.S. holder will be treated as owning the senior notes (or Treasury securities) constituting a part of the holder's Equity Units. We, under the terms of the Equity Units, and each U.S. holder, by acquiring Equity Units, agree to treat the senior notes (or Treasury securities) constituting a part of the Equity Units as owned by that U.S. holder for all tax purposes, and the remainder of this summary assumes this treatment. The U.S. federal income tax consequences of owning the senior notes or Treasury securities are discussed below under "Senior Notes" and "Treasury Securities Purchased in Connection with Equity Units."

*Allocation of purchase price.* A U.S. holder's acquisition of a Corporate Unit will be treated as an acquisition of the senior note and the warrant constituting the Corporate Unit for U.S. federal income tax purposes and, by purchasing a Corporate Unit, you will be deemed to have agreed to that treatment. The remainder of this discussion assumes that the acquisition of a Corporate Unit will be so treated. The purchase price of a Corporate Unit will be allocated between the senior note and the warrant constituting the Corporate Unit, in proportion to their respective fair market values at the time of purchase. This allocation will establish the U.S. holder's initial tax basis in the senior note and the warrant. Upon issuance of the Corporate Units, we expect to report the fair market value of each senior note as \$25 and the fair market value of each warrant as \$0.00. This position will be binding on each U.S. holder unless a U.S. holder explicitly discloses a contrary position on a statement attached to that U.S. holder's timely filed U.S. federal income tax returns for the taxable year in which that U.S. holder acquires a Corporate Unit, but this position will not be binding on the IRS. Thus, absent disclosure of that kind, a U.S. holder should allocate the purchase price for a Corporate Unit in accordance with the values reported by us. The remainder of this discussion assumes that this allocation of the purchase price of a Corporate Unit will be respected for U.S. federal income tax purposes.

*Sales, exchanges or other taxable dispositions of Equity Units.* If a U.S. holder sells, exchanges or otherwise disposes of Equity Units in a taxable disposition, the U.S. holder will be treated as having sold, exchanged or disposed of each of the warrant and the senior note or Treasury securities that constitute the Equity Units. The proceeds realized on this disposition will be allocated between the warrant and the senior note or Treasury securities in proportion to their respective fair market values at the time of disposition. As a result, as to each of the warrant and the senior note or Treasury securities, a U.S. holder generally will recognize gain or loss equal to the difference between the portion of the proceeds received by the U.S. holder that is allocable to the warrant and the senior note or Treasury securities, respectively, and the U.S. holder's adjusted tax basis in the warrant and the senior note or Treasury securities, respectively, except that amounts received by a taxpayer who uses a cash method of tax accounting with respect to accrued but unpaid interest on Treasury securities will be treated as ordinary interest income to the extent not previously taken into income.

In the case of the warrant and the Treasury securities, the gain or loss generally will be capital gain or loss. The gain or loss generally will be long-term capital gain or loss if the U.S. holder held the Equity Unit or, in the case of the Treasury securities, the Treasury security for more than one year immediately before the disposition. Long-term capital gains of individuals are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. We summarize the rules governing the determination of the character of gain or loss on the disposition of a senior note under "Senior notes Sales, exchanges, remarketing or other taxable dispositions of senior notes." Because gain or loss on disposition of a senior note may be treated as ordinary income or loss, disposition of a Corporate Unit consisting of a warrant and a senior note may give rise to capital gain or loss on the warrant and ordinary income or loss on the senior note, which must be reported separately for U.S. federal income tax purposes.

If the sale, exchange or other disposition of an Equity Unit occurs when the warrant has a negative value, a U.S. holder should be considered to have received additional consideration for the senior note or Treasury securities in an amount equal to that negative value and to have paid that amount to be released from the U.S. holder's obligations under the related warrant. Because, as discussed below, any gain on the disposition of a senior note before the interest rate reset generally will be treated as ordinary interest

income for U.S. federal income tax purposes, the ability to off-set that interest income with a loss on the warrant may be limited. U.S. holders should consult their tax advisors regarding a disposition of an Equity Unit at a time when the warrant has a negative value.

#### Senior Notes

*Original issue discount.* Because of the manner in which the interest rates on the senior notes are reset, we intend to take the position that the senior notes are contingent payment debt instruments subject to the "noncontingent bond method" for accruing original issue discount, as established in the applicable Treasury Regulations and, under the senior indenture, each holder agrees to treat the senior notes as indebtedness subject to the regulations governing contingent payment debt instruments. The remainder of this disclosure assumes that the senior notes are contingent payment debt instruments for U.S. federal income tax purposes.

As discussed more fully below, the effects of applying this method will be (1) to require each U.S. holder, regardless of the holder's usual method of tax accounting, to use an accrual method with respect to the interest income on senior notes, (2) to require each U.S. holder to accrue interest income in excess of interest payments actually received for all accrual periods through August 16, 2005 and possibly for accrual periods after that date, and (3) generally to result in ordinary, rather than capital, treatment of any gain or loss on the sale, exchange or other disposition of senior notes. (See "Sales, exchanges, remarketing or other taxable dispositions of senior notes" below).

A U.S. holder will be required to accrue original issue discount on a constant yield to maturity basis based on the "comparable yield" of the senior notes. The comparable yield of the senior notes generally will be the rate at which we would issue a fixed rate noncontingent debt instrument with terms and conditions similar to the senior notes. We have determined that the comparable yield on the senior notes is 4.80%.

The amount of original issue discount on a senior note for each accrual period will be determined by multiplying the comparable yield of the senior note, adjusted for the length of the accrual period, by the senior note's adjusted issue price at the beginning of the accrual period. Based on the allocation of the purchase price of each Equity Unit described above under "Equity Units Allocation of purchase price," the adjusted issue price of each senior note, per \$25 of principal amount, at the beginning of the first accrual period will be \$25, and the adjusted issue price of each senior note at the beginning of each subsequent accrual period will be equal to \$25, increased by any original issue discount previously accrued by the U.S. holder on the senior note and decreased by the amount of projected payments (as described below) on the senior note through that date. The amount of original issue discount so determined will then be allocated on a ratable basis to each day in the accrual period that the U.S. holder holds the senior note.

If, after the date on which the interest rate on the senior notes is reset (or after November 16, 2005, if there is no successful remarketing), the remaining amounts of principal and interest payable differ from the payments stated on the applicable projected payment schedule, as described below, negative or positive adjustments reflecting this difference should generally be taken into account by the U.S. holder as adjustments to interest income in a reasonable manner over the period to which they relate.

A projected payment schedule for a senior note subject to the noncontingent bond method must include stated interest and principal payments on the senior note and additional projected payments on the senior note in amounts such that all projected payments produce a yield to maturity on the senior note equal to the senior note's comparable yield, computed by taking into account the issue price of the senior note. We have determined that the projected payments for the senior notes, per \$25 of principal amount, are \$0.21 for the quarter ending on February 16, 2003, \$0.25 for each quarter ending thereafter on or before August 16, 2005 and \$0.37 for each quarter ending after August 16, 2005 and that the projected payment for the senior notes, per \$25 of principal amount, at the maturity date is \$25.37, which includes the stated principal amount of the senior notes as well as the final projected interest payment.

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A U.S. holder is generally bound by the comparable yield and projected payment schedule provided by us under the terms of the Equity Units. We supply the comparable yield and projected payment schedules solely for computing income under the noncontingent bond method for U.S. federal income tax purposes. These schedules do *not* constitute projections or representations as to the amounts that a U.S. holder will actually receive as a result of owning senior notes or Equity Units.

*Tax basis in senior notes.* A U.S. holder's tax basis in a senior note will be equal to the portion of the purchase price for a Corporate Unit allocated to the senior notes as described above under "Equity Units Allocation of purchase price," increased by the amount of original issue discount included in income with respect to the senior note and decreased by the amount of projected payments with respect to the senior note through the computation date.

*Sales, exchanges, remarketing or other taxable dispositions of senior notes.* A U.S. holder will recognize gain or loss on a disposition of senior notes, including a redemption for cash or upon the remarketing of the senior notes, in an amount equal to the difference between the amount realized by the U.S. holder on the disposition of the senior notes and the U.S. holder's adjusted tax basis in the senior notes. Selling expenses incurred by the U.S. holder, including the remarketing fee, will reduce the amount of gain or increase the amount of loss recognized by the U.S. holder upon a disposition of senior notes. Gain recognized on the disposition of a senior note before the date on which the interest rate on the senior notes is reset (or November 16, 2005, if there is no successful remarketing) will be treated as ordinary interest income. Loss recognized on the disposition of a senior note before the interest rate reset date (or November 16, 2005, if there is no successful remarketing) will be treated as ordinary loss to the extent of the U.S. holder's prior inclusions of original issue discount on the senior note reduced by coupon payments received. Any loss in excess of this amount will be treated as a capital loss. In general, gain recognized on the disposition of a senior note on or after the interest rate reset date (or November 16, 2005, if there is no successful remarketing) will be ordinary interest income to the extent attributable to the excess, if any, of the total remaining principal and interest payments due on the senior note over the total remaining payments stated on the projected payment schedule for the senior note. Any gain recognized in excess of this amount and any loss recognized on a disposition of this kind will generally be treated as a capital gain or loss. Long-term capital gains of individuals are eligible for reduced rates of taxation. There are limitations on deductibility of capital losses.

### Warrants

*Acquisition of our common stock under a warrant.* A U.S. holder generally will not recognize gain or loss on the purchase of our common stock under a warrant, except with respect to any cash paid to a U.S. holder in lieu of a fractional share of our common stock, which should be treated as paid in exchange for the fractional share. A U.S. holder's aggregate initial tax basis in our common stock received under a warrant should generally equal the \$25 payment made to us by the U.S. holder in respect of the warrant on the warrant settlement date, plus the properly allocable portion of the U.S. holder's adjusted tax basis, if any, in the warrant as described under "Equity Units Allocation of purchase price," less the portion of the purchase price and adjusted tax basis allocable to any fractional shares. The holding period for our common stock received under a warrant will commence on the day of the acquisition of the common stock.

*Early settlement of a warrant.* The purchase of our common stock on early settlement of a warrant will be taxed as described above. A U.S. holder of Equity Units will not recognize gain or loss on the return of the senior notes or Treasury securities that are a component of the U.S. holder's Equity Units upon early settlement of a warrant and will have the same adjusted tax basis and holding period in the senior notes or Treasury securities as before the early settlement.

*Termination of a warrant.* If a warrant terminates, a U.S. holder of Equity Units will recognize a loss equal to the U.S. holder's adjusted tax basis, if any, in the warrant at the time of the termination. Any loss of this kind will be a capital loss. There are limitations on deductibility of capital losses. A U.S. holder will not recognize gain or loss on the return of the senior notes or Treasury securities that are



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represented by a U.S. holder's Equity Units upon termination of the warrant, and the U.S. holder will have the same adjusted tax basis and holding period in the senior notes or Treasury securities as before the termination.

*Adjustment to settlement rate.* A U.S. holder of Equity Units might be treated as receiving a constructive dividend distribution from us if (1) the settlement rate is adjusted and as a result of the adjustment the U.S. holder's proportionate interest in our assets or earnings and profits is increased and (2) the adjustment is not made under a bona fide, reasonable anti-dilution formula. An adjustment in the settlement rate would not be considered made under a formula of this kind if the adjustment were made to compensate a U.S. holder for certain taxable distributions with respect to the common stock. Thus, under certain circumstances, an increase in the settlement rate might give rise to a taxable dividend to a U.S. holder of Equity Units even though the U.S. holder would not receive any cash related to the increase in the settlement rate.

*Warrant fees and deferred warrant fees.* There is no direct authority addressing the treatment, under current law, of the warrant fees or deferred warrant fees, and such treatment is therefore unclear. Warrant fees and deferred warrant fees may constitute taxable ordinary income to a U.S. holder when received or accrued, in accordance with the U.S. holder's regular method of tax accounting. We intend to file information returns that report warrant fees and deferred warrant fees as taxable ordinary income to U.S. holders. U.S. holders should consult their tax advisors concerning the treatment of warrant fee payments and deferred warrant fee payments, including the possibility that any warrant fees or deferred warrant fees may be treated as a loan, purchase price adjustment, rebate or payment analogous to an option premium, rather than being includible in income on a current basis.

The treatment of warrant fees and deferred warrant fees could affect a U.S. holder's adjusted tax basis in a warrant or shares of our common stock received under a warrant or the amount realized by a U.S. holder upon the sale or disposition of an Equity Unit or the termination of a warrant. In particular,

amounts received on sale or disposition of an Equity Unit or on termination of a warrant with respect to any accrued but unpaid warrant fees or deferred warrant fees that have not been included in a U.S. holder's income may be treated as ordinary income;

any warrant fees or deferred warrant fees that have been included in a U.S. holder's income, but that have not been paid to the U.S. holder, should increase the U.S. holder's adjusted tax basis in the warrant; and

any warrant fees or deferred warrant fees that have been paid to a U.S. holder, but that have not been included in the U.S. holder's income, should either reduce the U.S. holder's adjusted tax basis in the warrant or result in an increase in the amount realized on termination or disposition of the warrant.

### **Common Stock**

Any taxable distribution on our common stock paid by us out of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes will constitute a dividend and will be includible in income by a U.S. holder when received. Any dividend of this kind will be eligible for the dividends received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations if the U.S. holder is an otherwise qualifying corporate holder that meets the holding period and other requirements for the dividends received deduction. Upon a disposition of our common stock, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the amount realized and the U.S. holder's adjusted tax basis in our common stock as described under "Warrants Acquisition of our common stock under a warrant." Long-term capital gains of individuals are eligible for reduced rates of taxation.

### **Creation of Treasury Units and Recreation of Corporate Units**

*Substitution of Treasury securities to create Treasury Units.* A U.S. holder of Corporate Units who delivers Treasury securities to the collateral agent in substitution for senior notes or other pledged securities generally will not recognize gain or loss upon the delivery of the Treasury securities or the release of the senior notes or other pledged securities to the U.S. holder. The U.S. holder will continue to take into account items of income otherwise includible or deductions otherwise deductible by the U.S. holder with respect to the Treasury securities and senior notes or other pledged securities, and the warrant will not be affected by the delivery and release. For a discussion of the tax consequences of holding Treasury securities, see "Treasury securities purchased in connection with Equity Units," below.

*Substitution of senior notes to recreate Corporate Units.* A U.S. holder of Treasury Units who delivers senior notes to the collateral agent in substitution for pledged Treasury securities generally will not recognize gain or loss upon the delivery of the senior notes or the release of the pledged Treasury securities to the U.S. holder. The U.S. holder will continue to take into account items of income otherwise includible or deductions otherwise deductible by the holder with respect to the pledged Treasury securities and the senior notes. The U.S. holder's tax basis in the senior notes, the pledged Treasury securities and the warrant will not be affected by the delivery and release. U.S. holders should consult their own advisors concerning the tax consequences of purchasing, owning and disposing of the Treasury securities so released to them.

### **Treasury Securities Purchased in Connection with Equity Units**

A U.S. holder's initial basis in the Treasury securities purchased in connection with an Equity Unit will be equal to the amount paid for the Treasury securities.

In general, a U.S. holder will be required for U.S. federal income tax purposes to recognize original issue discount on Treasury securities (other than short-term Treasury securities, as defined below), on a constant yield basis, regardless of the U.S. holder's method of tax accounting, and to recognize acquisition discount on Treasury securities when it is paid or accrues generally in accordance with the U.S. holder's normal method of tax accounting. U.S. holders should consult their own tax advisors concerning the tax consequences of purchasing, owning and disposing of the Treasury securities delivered to the collateral agent.

For purposes of this discussion, a short-term Treasury security is any Treasury security with a maturity of one year or less from the date of its issue (or in the case of a Treasury strip, from the date of its purchase by the U.S. holder). If a U.S. holder is on the cash method of accounting, it will generally not include income on short-term Treasury securities until payment is received on them. If a U.S. holder is on the accrual method of accounting, it will be required to include acquisition discount in income over the remaining term of the short-term Treasury securities and will increase its basis in the short-term Treasury securities by the amount of acquisition discount included in income.

### **Backup Withholding Tax and Information Reporting**

Unless a U.S. holder is an exempt recipient, such as a corporation, payments under Equity Units, senior notes, warrants, Treasury securities or our common stock, the proceeds received with respect to a fractional share of our common stock upon the settlement of a warrants, and the proceeds received from the sale of Equity Units, senior notes, warrant, Treasury securities or our common stock, will be subject to information reporting and may also be subject to U.S. federal backup withholding tax if the U.S. holder fails to supply accurate taxpayer identification numbers or otherwise fails to comply with applicable U.S. information reporting or certification requirements. Any amounts withheld under the backup withholding rules will be allowed as a credit against a U.S. holder's U.S. federal income tax liability provided the U.S. holder provides the required information to the IRS.

**Consequences to Non-U.S. Holders**

The following discussion is a summary of the principal U.S. federal income tax consequences resulting from the purchase, acquisition and ownership of Equity Units by "non-U.S. holders." For purposes of this discussion, a "non-U.S. holder" is a holder of an Equity Unit that is not a U.S. person. A "U.S. person" is a citizen or resident of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision of the United States, an estate to whom income U.S. federal income taxation applies regardless of its source or a trust if (a) a U.S. court is able to exercise primary supervision over the trust's administration and (b) one or more U.S. persons have the authority to control all of the trust's substantial decisions.

*Current payments and dividends.* The payment of interest, including gain on the disposition of a senior note that is treated as interest, and amounts attributable to original issue discount on the senior notes or Treasury securities to a non-U.S. holder will not be subject to U.S. federal withholding tax if: (1) in the case of senior notes, the non-U.S. holder does not actually or constructively own 10% or more of the total voting power of all of our voting stock and is not a controlled foreign corporation that is related to us within the meaning of the Code, and (2) the beneficial owner of the senior note or Treasury securities provides a statement signed under penalties of perjury that includes its name and address and certifies that it is a non-U.S. holder in compliance with applicable requirements or satisfies certain documentary evidence requirements for establishing that it is a non-U.S. holder. If the foregoing exceptions do not apply, payments on the senior notes or Treasury securities with an original term longer than 183 days may be subject to gross withholding at the rate of 30% or such lower rate as may be available to a non-U.S. holder under an applicable treaty.

Dividend payments to non-U.S. holders in respect of our common stock will be subject to U.S. withholding tax at a rate of 30% or such lower rate as may be available to a non-U.S. holder under an applicable treaty.

*Warrant Fees.* Although the U.S. federal income tax treatment of payments of warrant fees is unclear, we intend to take the position that warrant fees paid to a non-U.S. holder constitute fixed or determinable annual or periodic income, subject to withholding tax at a rate of 30%. A non-U.S. holder should, however, consult its tax advisor concerning the treatment of warrant fees, including the possibility that any warrant fees may be treated as a loan, purchase price adjustment, rebate or payment analogous to an option premium.

*Gain or loss on disposition.* A non-U.S. holder will not be subject to U.S. federal income tax on gain (other than gain on the disposition of a senior note that is treated as interest) realized on the sale, exchange, maturity or redemption of either a Corporate Unit, a Treasury Unit, a senior note, a warrant, any Treasury securities, or any shares of our common stock unless (1) the gain is effectively connected with the conduct by the holder of a trade or business in the United States or (2) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (A) the gain or income is attributable to an office or other fixed place of business maintained in the United States by the holder or (B) the holder has a tax home in the United States.

*Information reporting and backup withholding.* In general, backup withholding and information reporting will not apply to payments made by us or our paying agents, in their capacities as our paying agents, to a non-U.S. holder as long as the income associated with the payments is otherwise exempt from U.S. federal income tax and the holder has provided the required certification that it is a non-U.S. holder, unless either we or our paying agent has actual knowledge that the holder is a U.S. person.

**UNDERWRITING**

Chubb and the underwriters named below have entered into an underwriting agreement with respect to the warrants and senior notes represented by the Corporate Units. Subject to certain conditions, each underwriter has severally agreed to purchase the number of warrants and the aggregate principal amount of senior notes represented by the number of Corporate Units set forth in the following table.

Name	Number of Corporate Units
Goldman, Sachs & Co.	8,400,000
Salomon Smith Barney Inc.	8,400,000
Credit Suisse First Boston Corporation	1,400,000
Deutsche Bank Securities Inc.	1,400,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated.	1,400,000
Total	21,000,000

If the underwriters sell more warrants and senior notes represented by Corporate Units than the total number set forth in the table above, the underwriters have an option to buy warrants and senior notes represented by up to an additional 3,000,000 Corporate Units from us to cover such sales. They may purchase those additional warrants and senior notes within a 13 day period beginning on the date of first issuance of the Corporate Units. If any warrants and senior notes represented by Corporate Units are purchased pursuant to this option, the underwriters will severally purchase Corporate Units in approximately the same proportion as set forth above.

The following table summarizes the underwriting discounts and commissions we will pay.

	No Exercise	Full Exercise
Per Corporate Unit.	\$ 0.75	\$ 0.75
Total	\$ 15,750,000	\$ 18,000,000

Corporate Units sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any Corporate Units sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price of up to \$0.45 per Corporate Unit. Any such securities dealers may resell any Corporate Units purchased from the underwriters to certain other brokers or dealers at a discount from the initial public offering price of up to \$0.10 per Corporate Unit. If all the Corporate Units are not sold at the initial offering price, the underwriters may change the offering price and the other selling terms.

The warrants and the senior notes are new issues of securities with no established trading market. We have been advised by the underwriters that the underwriters intend to make a market in the Corporate Units but are not obligated to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Corporate Units.

In connection with this offering, the underwriters may purchase and sell the Corporate Units in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of Corporate Units than they are required to purchase in this offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional Corporate Units from us in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional Corporate Units or purchasing Corporate Units in the open market. In determining the source of Corporate Units to close out the covered short position, the underwriters will consider, among other things, the price of Corporate Units available for purchase in the open market as compared to the price at which they may purchase Corporate Units through the overallotment option. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by

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purchasing Corporate Units in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Corporate Units in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Corporate Units while this offering is in progress.

The underwriters also may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased the Corporate Units sold by or for the account of such underwriter in stabilizing or short-covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Corporate Units. As a result, the price of the Corporate Units may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected in the over-the-counter market or otherwise.

Each underwriter has represented, warranted and agreed that:

it has not offered or sold and, prior to the expiry of a period of six months from the closing date, will not offer or sell any Corporate Units included in this offering to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

it has only communicated and caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Corporate Units included in this offering in circumstances in which section 21(1) of the FSMA does not apply to us;

it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Corporate Units included in this offering in, from or otherwise involving the United Kingdom; and

the offer in The Netherlands of the Corporate Units included in this offering is exclusively limited to persons who trade or invest in securities in the conduct of a profession or business (which include banks, stockbrokers, insurance companies, pension funds, other institutional investors and finance companies and treasury departments of large enterprises).

We estimate that our share of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately \$500,000.

We and our executive officers and directors have agreed that, for a period of 90 days from the date of this prospectus supplement, we and they will not, without the prior written consent of Goldman, Sachs & Co. and Salomon Smith Barney, dispose of, hedge or file with the SEC a registration statement under the Securities Act with respect to, any shares of our common stock or any securities convertible into or exchangeable for our common stock. The foregoing sentence shall not apply to (i) the exercise of options outstanding as of the date of this prospectus supplement, (ii) dispositions of common stock by such executive officers or directors by gift to members of such directors' or officers' immediate families or to trusts established for the benefit of members of such directors' or officers' immediate families (provided that any such recipient agrees in writing as a condition to receiving such common stock to be bound by the foregoing restrictions), (iii) dispositions of common stock by such executive officers or directors by bona fide gift to charitable organizations, (iv) our issuance of stock options and restricted stock to employees, provided that such options are not exercisable, and such restricted stock grants do not vest, before the expiration of the 90-day period, (v) our issuance and sale of common stock pursuant to any employee stock option plan, stock ownership plan or dividend reinvestment plan in effect on the date of

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this prospectus supplement and (vi) our issuance of common stock issuable upon the conversion of securities or the exercise of warrants outstanding on the date of this prospectus supplement. Goldman, Sachs & Co. and Salomon Smith Barney in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

This prospectus supplement and the accompanying prospectus, as amended or supplemented, may be used in connection with the early settlement of the warrants and the remarketing of the senior notes.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

From time to time, the underwriters and certain of their affiliates have engaged, and may in the future engage, in transactions with, and perform services for, us and our affiliates in the ordinary course of business. Citigroup Inc., the ultimate parent of Salomon Smith Barney Inc., one of the underwriters, holds 9,567,208 shares of our common stock (substantially all of which are held on behalf of third parties), or approximately 5.6% of our outstanding shares of common stock based on the number of shares outstanding at October 31, 2002. In addition, affiliates of Salomon Smith Barney Inc. and Deutsche Bank Securities Inc., another underwriter, are lenders under, and perform certain other roles with respect to, certain of our credit facilities.

### LEGAL MATTERS

The validity of the warrants and the senior notes will be passed upon for Chubb by Cleary, Gottlieb, Steen & Hamilton, New York, New York and for the underwriters by Davis Polk & Wardwell. Cleary, Gottlieb, Steen & Hamilton and Davis Polk & Wardwell will rely as to all matters of New Jersey law upon the opinion of Drinker Biddle & Shanley LLP, Florham Park, New Jersey, New Jersey counsel to Chubb.

### EXPERTS

The consolidated financial statements and schedules incorporated by reference or appearing in The Chubb Corporation's Annual Report on Form 10-K for the year ended December 31, 2001 have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports included or incorporated by reference therein and incorporated herein by reference. Such consolidated financial statements and schedules are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

### WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, as well as proxy statements and other information with the SEC. You may read and copy any document we file with the SEC, including the registration statement, at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. You may obtain further information about the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also available to the public over the Internet at the SEC's web site at <http://www.sec.gov>, which contains reports, proxy statements and other information regarding registrants like us that file electronically with the SEC.

In addition, our common stock is listed on the New York Stock Exchange, and such reports and other information concerning us may also be inspected at their offices at 20 Broad Street, New York, New York 10005. Our common stock's ticker symbol is "CB."

This prospectus supplement is part of a registration statement on Form S-3 filed by us with the SEC under the Securities Act of 1933. As permitted by SEC rules, this prospectus supplement does not contain all of the information included in the registration statement and the accompanying exhibits filed with the SEC. You may refer to the registration statement and its exhibits for more information.

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The SEC allows us to "incorporate by reference" into this prospectus supplement the information we file with the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement. If we subsequently file updating or superseding information in a document that is incorporated by reference into this prospectus supplement, the subsequent information will also become part of this prospectus supplement and will supersede the earlier information.

We are incorporating by reference the following documents that we have filed with the SEC:

our Annual Report on Form 10-K for the year ended December 31, 2001; and

our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2002, June 30, 2002 and September 30, 2002.

The preceding list supersedes and replaces the documents listed in the accompanying prospectus under the heading "Incorporation of Certain Documents by Reference."

We are also incorporating by reference into this prospectus supplement all of our future filings with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 until this offering has been completed.

You may obtain a copy of any of our filings that are incorporated by reference, at no cost, by contacting us at:

The Chubb Corporation  
15 Mountain View Road  
Warren, New Jersey 07061-1615  
Attention: Corporate Secretary  
Telephone: (908) 903-2000

PROSPECTUS

**\$1,200,000,000**

**The Chubb Corporation**

**Debt Securities, Warrants, Preferred Stock and Common Stock**

We may offer from time to time debt securities, warrants, preferred stock and common stock: We will provide specific terms of these securities in supplements to this prospectus. You should read this prospectus and the supplements carefully before you invest.

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

You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus is accurate as of any date other than the date on the front of this prospectus. The terms "Chubb", "we", "us", and "our" refer to The Chubb Corporation.

Dated April 3, 2002

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**ABOUT THIS PROSPECTUS**

This prospectus is part of a registration statement that we filed with the SEC utilizing a "shelf" registration process. Under this shelf process, we may sell any combination of the securities described in this prospectus in one or more offerings up to a total dollar amount of \$1,200,000,000. This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading Where You Can Find More Information.

## THE CHUBB CORPORATION

Chubb is a holding company with subsidiaries primarily engaged in the property and casualty insurance business. Chubb traces its history back to the formation in 1882 of Chubb & Son, an underwriter and manager of insurance companies, and the founding in 1901 of its principal property and casualty insurance subsidiary, Federal Insurance Company. Since our founding as a specialized manager of marine insurance, our property and casualty business has expanded to include most forms of property and casualty coverages. Our property and casualty insurance subsidiaries provide insurance coverages principally in the United States, Canada, Europe and parts of Australia, Latin America and the Far East. Chubb and its subsidiaries employed approximately 12,600 persons worldwide on December 31, 2001.

We are a holding company whose primary source of funds for the payment of interest on our obligations or dividends to our stockholders is dividends from our subsidiaries. The amount of dividend distributions to us from our insurance subsidiaries may be restricted by state insurance laws and regulations as administered by state insurance departments.

Our principal executive offices are located at 15 Mountain View Road, Warren, New Jersey 07061-1615, and our telephone number is (908) 903-2000. We were organized in 1967 as a New Jersey corporation. We maintain a website at [www.chubb.com](http://www.chubb.com) where general information about us is available. We are not incorporating the contents of the website into this prospectus. We have included our website address in this prospectus only as an inactive textual reference and do not intend it to be an active link to our website.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 450 Fifth Street, NW, Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at <http://www.sec.gov>, from which interested persons can electronically access the registration statement including its exhibits and schedules.

The SEC allows us to "incorporate by reference" the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 until we sell all of the securities:

our Annual Report on Form 10-K for the year ended December 31, 2001, filed on March 28, 2002.

the description of our common stock contained in our registration statement on Form 8-A filed under Section 12 of the Securities Exchange Act of 1934, including any amendments or reports filed for the purpose of updating such description.

Our SEC file number for these reports is 1-8661.

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You may request a copy of these filings at no cost, by writing or telephoning us at the following address:

Secretary  
The Chubb Corporation  
15 Mountain View Road  
P.O. Box 1615  
Warren, New Jersey 07061-1615  
(908) 903-3576.

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements in this prospectus, as well as certain statements incorporated by reference herein, may be considered to be "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. Words or phrases such as "will result", "is expected to", "will continue", "is anticipated", or similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain those identifying words. Such forward-looking statements are subject to certain risks, uncertainties and assumptions about our business. The factors that could cause actual results to differ materially from those suggested by any such statements include but are not limited to those discussed or identified from time to time in our public filings with the Securities and Exchange Commission and specifically to risks or uncertainties associated with any one or more of the following:

the availability of primary and reinsurance coverage, including the implications relating to the absence of terrorism legislation;

global political conditions and the occurrence of any terrorist attacks, including any nuclear, biological or chemical events;

premium price increases and profitability or growth estimates overall or by lines of business, and related expectations with respect to the timing and terms of any required regulatory approvals;

our expectations with respect to cash flow projections and investment income and with respect to other income;

the adequacy of loss reserves including:

our expectations relating to insurance losses from the September 11 attack and related reinsurance recoverables;

any impact from the bankruptcy protection sought by various asbestos producers and other related businesses;

any changes in judicial or legislative decisions relating to coverage and liability for asbestos and toxic waste claims;

Enron-related effects, including:

the effects on the energy markets and the companies that participate in them;

the effects on the capital markets and the markets for directors and officers and errors and omissions insurance;

claims and litigation arising out of accounting disclosures by other companies;

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any legislative or regulatory proposals or changes;

general economic conditions including:

changes in interest rates and the performance of the financial markets;

changes in domestic and foreign laws, regulations and taxes;

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changes in competition and pricing environments;

regional or general changes in asset valuations;

the occurrence of significant weather-related or other natural or human-made disasters;

the inability to reinsure certain risks economically;

changes in the litigation environment;

general market conditions.

We assume no obligation to update any forward-looking information set forth in this prospectus, as well as any statements incorporated by reference herein, which speak as of the respective dates thereof.

**USE OF PROCEEDS**

Unless otherwise indicated in a prospectus supplement, the net proceeds from the sale of the securities will be used for general corporate purposes.

**RATIO OF CONSOLIDATED EARNINGS TO FIXED CHARGES**

	Years Ended December 31,				
	1997	1998	1999	2000	2001
Ratio of consolidated earnings to fixed charges	10.71	16.03	10.40	11.48	0.49(a)

For the purpose of computing the above ratios of consolidated earnings to fixed charges, consolidated earnings consist of income from continuing operations before income taxes excluding income or loss from equity investees, plus those fixed charges that were charged against income and distributions from equity investees. Fixed charges consist of interest expense before reduction for capitalized interest and the portion of rental expense (net of rental income from subleased properties) which is considered to be representative of the interest factors in the leases.

(a)

For the year ended December 31, 2001, consolidated earnings were not sufficient to cover fixed charges by \$46.0 million. Consolidated earnings for the period, as defined, reflect a \$635.0 million loss before income taxes from the September 11 attack in the United States and net surety bond losses before income taxes of \$220.0 million arising from the bankruptcy of Enron Corp. Excluding the loss from the September 11 attack and the Enron surety losses, the ratio of consolidated earnings to fixed charges would have been 10.00 for the year ended December 31, 2001.

**DESCRIPTION OF DEBT SECURITIES**

This prospectus describes general terms and provisions of the debt securities. The debt securities will be either senior debt securities or subordinated debt securities. The debt securities will be issued under indentures between us and Bank One Trust Company, N.A., as trustee. The senior debt securities will be issued under a senior debt indenture and the subordinated debt securities under a subordinated debt indenture. This prospectus refers to the senior debt indenture and the subordinated debt indenture individually as an indenture and collectively as the indentures. When we offer to sell a particular series of debt securities, we will describe the specific terms for the securities in a supplement to this prospectus. The prospectus supplement will also indicate whether the general terms and provisions described in this prospectus apply to a particular series of debt securities.

Senior debt securities will be unsecured obligations of Chubb. Subordinated debt securities will be junior in the right of payment to the extent set forth in the junior indenture as further discussed below.

We have summarized portions of the indentures. The summary is not complete. The indentures have been incorporated by reference as an exhibit to the registration statement that we have filed with the SEC and that includes this prospectus. You should read the indentures for the provisions which may be important to you. The indentures are substantially identical, except for the provisions relating to subordination. See " Subordinated Debt".

Neither indenture will limit the amount of debt securities which we may issue. We may issue debt securities up to an aggregate principal amount as we may authorize from time to time. The prospectus supplement will describe the terms of any debt securities being offered, including:

classification as senior or subordinated debt securities;

the designation, aggregate principal amount and purchase price;

the maturity date;

the interest rate, if any, and the method for calculating the interest rate, if any;

the interest payment dates and the record dates for the interest payments;

any mandatory or optional redemption terms or prepayment, conversion, sinking fund or exchangeability or convertibility provisions;

the place where we will pay principal and interest;

if other than denominations of \$1,000 or multiples of \$1,000, the denominations the debt securities will be issued in;

whether the debt securities will be issued in the form of global securities or certificates;

additional provisions, if any, relating to the defeasance of the debt securities;

the currency or currencies, if other than the currency of the United States, in which principal and interest will be paid;

any special United States federal income tax consequences of the debt securities;

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the dates on which premium, if any, will be paid;

any rights to convert or exchange the debt securities into other securities or property of Chubb;

if the amount of payments of principal and interest on the debt securities may be determined with reference to an index and how such amounts will be determined; and

other specific terms, including any additional events of default or covenants.



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Neither of the indentures contains any covenant or other specific protection to holders of the debt securities in the event of a highly leveraged transaction or a change in control of Chubb, except to the limited extent described under " Consolidation, Merger or Sale of Assets".

### Senior Debt

The debt securities we issue under the senior debt indenture will constitute part of the senior debt of Chubb. These senior debt securities will rank equally and pari passu with all other unsecured and unsubordinated debt of Chubb.

### Subordinated Debt

The debt securities we issue under the subordinated debt indenture will constitute part of the subordinated debt of Chubb. These subordinated debt securities will be subordinate and junior in right of payment, to the extent and in the manner set forth in the subordinated debt indenture, to all "senior indebtedness" of Chubb. The subordinated debt indenture defines "senior indebtedness" as the principal of, premium, if any, and unpaid interest on the following, whether outstanding at the date of the subordinated debt indenture or later incurred or created:

indebtedness of Chubb for money borrowed, including purchase money obligations, evidenced by notes or other written obligations;

indebtedness of Chubb evidenced by notes, debentures, bonds or other securities issued under the provisions of an indenture or similar instrument;

obligations of Chubb as lessee under capitalized leases and leases of property made as part of any sale and leaseback transactions;

indebtedness of others of any of the kinds described in the preceding clauses assumed or guaranteed by Chubb;

renewals, extensions and refundings of, and indebtedness and obligations of a successor corporation issued in exchange or in replacement of, indebtedness or obligations described in the preceding clauses unless such indebtedness or obligation, renewal, extension or refunding expressly provides that it is not superior in right of payment to the subordinated debt securities;

provided, that senior indebtedness does not include any indebtedness issued under the subordinated debt indenture or any indebtedness or obligation if the terms of such indebtedness or obligation expressly provide that such indebtedness or obligation is not senior in right of payment to the debt securities issued under the subordinated debt indenture or expressly provide that such indebtedness or obligation is pari passu with or junior to the notes.

The subordinated debt indenture does not limit the amount of senior indebtedness that we may incur. (Subordinated debt indenture section 14.1)

No payment of the principal or interest on the indebtedness evidenced by the subordinated debt securities may be made if, at the time of such payment, there exists any default with respect to any senior indebtedness and the default is the subject of judicial proceedings or if Chubb receives notice of the default from any holder of senior indebtedness or a trustee for such senior indebtedness. Upon any acceleration of the maturity of the subordinated debt securities resulting from an event of default, as further discussed below, Chubb must give notice of the acceleration to holders of the senior indebtedness and may not pay holders of the subordinated debt securities until 120 days after the acceleration and then only if such payment is otherwise permitted at that time. In the event of any payment or distribution of assets or securities upon any dissolution, winding up, total or partial liquidation or reorganization or similar proceeding relating to Chubb, all principal of, premium, if any, and interest due on all senior indebtedness must be paid in full before holders of the subordinated debt securities are entitled to receive or retain any payment. As a result of such subordination, in the event of insolvency, creditors of Chubb who are holders

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of senior indebtedness and general creditors of Chubb, may recover more, ratably, than holders of the subordinated debt securities. (Subordinated debt indenture sections 14.1, 14.2, 14.3)

If this prospectus is being delivered in connection with a series of subordinated debt securities, the accompanying prospectus supplement or the information incorporated in this prospectus by reference will set forth the approximate amount of senior indebtedness outstanding as of the end of the most recent fiscal quarter.

### Modification and Waiver

We may not amend the indentures without the consent of each holder affected, in order to, among other things:

extend the final maturity of any debt security;

reduce the principal amount of any debt security;

reduce the rate or extend the time of payment of interest on any debt security;

reduce the amount payable on redemption of any debt security, or reduce the amount of principal of an original issue discount debt security that would be due and payable on an acceleration of the maturity of such debt security or the amount of such debt security provable in bankruptcy;

change the currency of payment of principal of or interest on any debt security;

extend the time or reduce the amount of any payment to any sinking fund or analogous obligation relating to any debt security;

impair or affect the right of any security holder to institute suit for payment on such security or any right of repayment at the option of the security holder,

reduce the percentage of debt securities of any series that must consent to an amendment to an indenture to less than a majority;

reduce the percentage of debt securities of any series necessary to consent to waive any past default under an indenture to less than a majority; or

modify any of the provisions of the sections of such indenture relating to supplemental indentures with the consent of the holders of debt securities, except to increase the percentage of holders or to provide that provisions of the indenture cannot be modified or waived without the consent of the holder of each affected debt security, provided that this clause does not require the consent of any holder with respect to changes in references to "the trustee" and concomitant changes in such section or the deletion of this proviso. (Senior debt indenture and subordinated debt indenture section 8.2)

A supplemental indenture which changes or eliminates any covenant or other provision of an indenture which has expressly been included solely for the benefit of one or more particular series of debt securities, or which modifies the rights of the holders of debt securities of such series with respect to such covenant or other provision, will not affect the rights under the indenture of the holders of the debt securities of any other series. (Senior debt indenture and subordinated debt indenture section 8.2)

We and the trustee may amend the indentures without the consent of any holder of debt securities in order to:

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secure any debt securities issued under such indenture;

provide for the succession of another corporation and assumption of our obligations in the case of a merger or consolidation;

add to the covenants of Chubb or add additional events of default;

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cure ambiguities, defects or inconsistencies, provided that such action does not adversely affect any holders of securities issued under such indenture;

establish the form and terms of debt securities of any series;

provide for a successor trustee with respect to one or more series of securities issued under such indenture or to provide for or facilitate the administration of the trusts under the indenture by more than one trustee;

permit or facilitate the issuance of securities in bearer form or provide for uncertificated securities to be issued under such indenture; or

change or eliminate any provision of such indenture, provided that any such change or elimination will become effective only when there is no security outstanding of any series created prior to the execution of such supplemental indenture which is entitled to the benefit of such provision. (Senior debt indenture and subordinated debt indenture section 8.1)

### Events of Default

These are "Events of Default" under the indentures with respect to each series of debt securities:

- (1) failure to pay principal, or premium, if any, on any of the debt securities of such series outstanding under such indenture when due;
- (2) failure to pay any interest on any of the debt securities of such series outstanding under such indenture when due, continued for 30 days;
- (3) default in the payment, if any, of any sinking fund installment when due, payable by the terms of the debt securities of such series;
- (4) failure to perform any other covenant of Chubb contained in such indenture continued for 60 days under the senior debt indenture, and 90 days under the subordinated debt indenture, days after written notice; and
- (5) events of bankruptcy, insolvency or reorganization of Chubb.

If an Event of Default occurs and is continuing, the trustee may, and at the written request of holders of a majority in aggregate principal amount of the securities of each series affected by the Event of Default and upon the trustee's receipt of indemnification to its satisfaction, shall proceed to protect and enforce its rights and those of the holders of such securities.

If an Event of Default, other than an Event of Default specified in clause (5), under an indenture occurs with respect to the debt securities of any series and is continuing, then the trustee or the holders of at least 25% in principal amount of the outstanding debt securities of that series (each series acting as a separate class) may require us to repay immediately the entire principal amount of the outstanding debt securities of that series, or such lesser amount as may be provided in the terms of the securities, together with all accrued and unpaid interest and premium, if any. (Senior debt indenture and subordinated debt indenture sections 5.1, 5.10)

If an Event of Default under an indenture specified in clause (4) occurs with respect to all series of debt securities then outstanding under the relevant indenture or an Event of Default specified in clause (5) occurs and is continuing, then the trustee or the holders of at least 25% in principal amount of all of the debt securities then outstanding under the relevant indenture (treated as one class) may declare the entire principal amount of the outstanding debt securities, or such lesser amount as may be provided in the terms of the securities, due immediately and payable. (Senior debt indenture and subordinated debt indenture sections 5.1, 5.10)

Any Event of Default with respect to a particular series of debt securities under the relevant indenture may be waived by the holders of a majority of the aggregate principal amount of the outstanding debt securities of such series, or of all the outstanding debt securities under the relevant indenture, as the case



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may be, except in each case a failure to pay principal of or premium, if any, or interest on such debt security. (Senior debt indenture and subordinated debt indenture sections 5.1, 5.10)

The trustee may withhold notice to the holders of any default, except in the payment of principal of or interest or premium on, or sinking fund payment in respect of, the securities, if the trustee considers it in the interest of the holders to do so. (Senior debt indenture and subordinated debt indenture section 5.11)

We are required to furnish to the trustee an annual statement as to compliance with all conditions and covenants under the indenture. (Senior debt indenture and subordinated debt indenture section 3.5)

### **Consolidation, Merger or Sale of Assets**

We may not consolidate with, merge into or sell, convey or lease all or substantially all of our assets to any corporation nor permit any corporation to consolidate with, merge into or sell, convey or lease all or substantially all of its assets to us unless:

we are the surviving corporation or the successor corporation is a corporation organized under the laws of any domestic jurisdiction and assumes our obligations on the debt securities and under the indentures;

after giving effect to such transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default will have occurred and be continuing; and

Chubb or the surviving entity will have delivered to the trustee an officers' certificate and opinion of counsel stating that the transaction or series of transactions and a supplemental indenture, if any, complies with this covenant and that all conditions precedent in the indenture relating to the transaction or series of transactions have been satisfied. (Senior debt indenture and subordinated debt indenture sections 9.1, 9.2, 9.3)

### **Applicable Law**

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

### **The Trustee**

Bank One Trust Company, N.A. is the trustee under the senior debt indenture and will be the trustee under the subordinated debt indenture. The trustee's current address is 153 West 51st Street, New York, New York 10019. Bank One is acting as the successor to the original trustee: The First National Bank of Chicago.

### **Global Securities**

The debt securities of a series may be issued in whole or in part in the form of one or more global certificates that will be deposited with a depository identified in a prospectus supplement. Unless it is exchanged for debt securities in definitive form, a global certificate may generally be transferred only as a whole unless it is being transferred to certain nominees of the depository. Unless otherwise stated in the prospectus supplement the Depository Trust Company, New York, New York, or DTC, will act as depository.

Ownership of beneficial interests in a registered global security will be limited to persons, called participants, that have accounts with the depository or persons that may hold interests through participants. Upon the issuance of a registered global security, the depository will credit, on its book-entry registration and transfer system, the participants' accounts with the respective principal or face amounts of the securities beneficially owned by the participants. Any dealers, underwriters or agents participating in the distribution of the securities will designate the accounts to be credited. Ownership of beneficial interests in a registered global security will be shown on, and the transfer of ownership interests will be effected only through, records maintained by the depository, with respect to interests of participants, and on the records of participants, with respect to interests of persons holding through participants. The laws of some states

may require that some purchasers of securities take physical delivery of these securities in definitive form. These laws may impair your ability to own, transfer or pledge beneficial interests in registered global securities.

So long as the depositary, or its nominee, is the registered owner of a registered global security, that depositary or its nominee, as the case may be, will be considered the sole owner or holder of the securities represented by the registered global security for all purposes under the applicable indenture. Except as described below, owners of beneficial interests in a registered global security will not be entitled to have the securities represented by the registered global security registered in their names, will not receive or be entitled to receive physical delivery of the securities in definitive form and will not be considered the owners or holders of the securities under the applicable indenture. Accordingly, each person owning a beneficial interest in a registered global security must rely on the procedures of the depositary for that registered global security and, if that person is not a participant, on the procedures of the participant through which the person owns its interest, to exercise any rights of a holder under the applicable indenture. We understand that under existing industry practices, if we request any action of holders or if an owner of a beneficial interest in a registered global security desires to give or take any action that a holder is entitled to give or take under the applicable indenture, the depositary for the registered global security would authorize the participants holding the relevant beneficial interests to give or take that action, and the participants would authorize beneficial owners owning through them to give or take that action or would otherwise act upon the instructions of beneficial owners holding through them.

Principal, premium, if any, and interest payments on debt securities represented by a registered global security registered in the name of a depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the registered global security. None of Chubb, the trustee, any other agent of Chubb or any agent of the trustee will have any responsibility or liability for any aspect of the records relating to payments made on account of beneficial ownership interests in the registered global security or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

We expect that the depositary for any of the securities represented by a registered global security, upon receipt of any payment of principal, premium, interest or other distribution of underlying securities or other property to holders on that registered global security, will immediately credit participants' accounts in amounts proportionate to their respective beneficial interests in that registered global security as shown on the records of the depositary. We also expect that payments by participants to owners of beneficial interests in a registered global security held through participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of those participants.

If the depositary for any securities represented by a registered global security is at any time unwilling or unable to continue as depositary or ceases to be a clearing agency registered under the Securities Exchange Act of 1934, and a successor depositary registered as a clearing agency under the Securities Exchange Act of 1934 is not appointed by us within 90 days, we will issue securities in definitive form in exchange for the registered global security that had been held by the depositary. In addition, we may at any time and in our sole discretion decide not to have any of the securities represented by one or more registered global securities. If we make that decision, we will issue securities in definitive form in exchange for all of the registered global security or securities representing those securities. A global security representing any series of debt securities is exchangeable for securities issued in definitive form if an Event of Default under the applicable indenture has occurred and is continuing or an event which with the giving of notice or the lapse of time or both, would constitute an Event of Default with respect to the debt securities represented by such global security. Any securities issued in definitive form in exchange for a registered global security will be registered in the name or names that the depositary gives to the relevant trustee, warrant agent, unit agent or other relevant agent of ours or theirs. It is expected that the depositary's instructions will be based upon directions received by the depositary from participants with respect to ownership of beneficial interests in the registered global security that had been held by the depositary.

## DESCRIPTION OF CAPITAL STOCK

### General

Our certificate of incorporation authorizes us to issue 600,000,000 shares of common stock, par value \$1.00 per share, and 4,000,000 shares of preferred stock, par value \$1.00 per share. As of March 11, 2002 there were issued 180,150,071 shares of common stock, of which 9,176,349 were treasury shares and 170,973,722 were outstanding, and we had no preferred stock issued or outstanding.

The following description of our capital stock is based upon our certificate of incorporation, our bylaws and applicable provisions of law. We have summarized portions of the certificate of incorporation and bylaws below. The summary is not complete. The certificate of incorporation and bylaws have been incorporated by reference as exhibits to the registration statement that we have filed with the SEC and that includes this prospectus. You should read the certificate of incorporation and bylaws for the provisions that are important to you.

### Common Stock

The holders of common stock, subject to preferential rights of the holders of any shares of preferred stock, are entitled to dividends when and as declared by the board of directors. The holders of common stock have one vote per share on all matters submitted to a vote of the shareholders, and the right to the net assets of Chubb in liquidation after payment of any amounts due to creditors and in respect of our preferred stock. Holders of shares of common stock are not entitled as a matter of right to any preemptive or subscription rights and are not entitled to cumulative voting for directors. All outstanding shares of common stock are, and the shares of common stock issued under this prospectus, will be, fully paid and non-assessable.

The common stock is listed on the New York Stock Exchange under the symbol "CB".

Under New Jersey law and the certificate of incorporation, the affirmative vote of two-thirds of the votes cast is required for shareholder approval of any merger or any plan of consolidation as well as for any sale, lease, exchange or other disposition of all, or substantially all, of the assets of Chubb, if not in the usual and regular course of its business, and for any liquidation, dissolution or amendment of the certificate of incorporation. All other shareholder action is decided by a majority of the votes cast at a meeting of shareholders.

The bylaws of Chubb provide that the annual meeting of shareholders will be held on a day in the month of April of each year that the board of directors designates and as stated in a written notice which is mailed or delivered to each shareholder at least ten days prior to any shareholder meeting. The certificate of incorporation and the bylaws provide that shareholder meetings may be held in the State of New Jersey or in the City of New York, State of New York, at such place as the board of directors may designate from time to time.

The certificate of incorporation further provides that the board of directors has the power, except as provided by statute, in its discretion, to use or apply any funds of Chubb lawfully available therefor for the purchase or acquisition of shares of the capital stock or bonds or other securities of Chubb:

in the market or otherwise, at such price as may be fixed by the board;

to such extent and in such manner and for such purposes and upon such terms as the board may deem expedient; and

as may be permitted by law.

The transfer agent and registrar for the common stock is EquiServe Trust Company, N.A., 525 Washington Boulevard, Jersey City, New Jersey 07303.



**Preferred Stock**

Under our certificate of incorporation, we are authorized to issue up to 4,000,000 shares of preferred stock.

Shares of preferred stock of Chubb may be issued in one or more series and the shares of all series will rank pari passu and be identical in all respects, except that with respect to each series the board of directors may fix, among other things:

the rate of dividends payable on the preferred stock;

the time and prices of redemption;

the amount payable upon voluntary redemption;

the retirement or sinking fund, if any;

the conversion rights, if any;

the voting rights, if any (in addition to the voting right described below);

the restrictions, if any, on:

the creation of indebtedness of Chubb or any subsidiary of Chubb; or

the issuance of stock ranking on a parity with or senior to the shares of preferred stock either as to dividends or on liquidation;

the restrictions, if any, on:

the payment of dividends on common stock;

the acquisition of common stock; or

any other class or classes of stock of Chubb, other than preferred stock, ranking on a parity with or junior to the shares of preferred stock either as to dividends or on liquidation; and

the number of shares to comprise such series.

Each series of preferred stock will be entitled to receive an amount payable on liquidation, dissolution or winding up, fixed for each series, plus all dividends accumulated to the date of final distribution, before any payment or distribution of assets of Chubb is made on common stock. Shares of preferred stock that have been issued and reacquired in any manner by Chubb, including shares redeemed, shares purchased and retired and shares that have been converted into shares of another series or class, may be reissued as part of the same or another series of preferred stock. In accordance with the certificate of incorporation, the 4,000,000 authorized but unissued shares of preferred stock may be issued pursuant to resolution of the board of directors without the vote of the holders of any capital stock of Chubb.

**Preferred Stock Depositary Shares**

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We may elect to offer fractional interests, referred to in this prospectus as depositary shares, in preferred stock. Each depositary share will represent a fraction of a share of a particular series of preferred stock. The depositary shares will be evidenced by depositary receipts.

The shares of any series of preferred stock represented by depositary shares will be deposited under a deposit agreement between Chubb and the preferred stock depositary named in the prospectus supplement relating to such shares. Subject to the terms of the deposit agreement, each owner of a depositary share will be entitled, in proportion to the applicable fraction of a share of preferred stock represented by such depositary share, to all the rights and preferences of the preferred stock represented by the depositary share, including dividend, voting, redemption, conversion, exchange, subscription and liquidation rights. We have summarized the provisions of the deposit agreement. The summary is not complete. The forms of

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deposit agreement and depositary receipt have been incorporated by reference to the registration statement for these securities that we have filed with the SEC.

The preferred stock depositary will distribute all cash dividends or other cash distributions received in respect of the preferred stock to the record holders of depositary shares in proportion to the number of depositary shares owned by such holders. (Deposit agreement section 4.01)

In the event of a non-cash distribution, the preferred stock depositary will distribute property received by it to the record holders of depositary shares in an equitable manner, unless the preferred stock depositary determines that it is not feasible to make such distribution, in which case the preferred stock depositary may sell such property and distribute the net proceeds from such sale to such holders. (Deposit agreement section 4.02)

Upon surrender of a depositary receipt at the corporate trust office of the preferred stock depositary and upon payment of the taxes, charges and fees provided for in the deposit agreement and subject to its terms, the holder of the depositary shares is entitled to delivery of the number of whole shares of the related series of preferred stock and any money or other property, if any, represented by such depositary shares.

If a series of preferred stock represented by depositary shares is redeemed, the depositary shares will be redeemed from the proceeds received by the preferred stock depositary resulting from the redemption, in whole or in part, of such series of preferred stock held by the preferred stock depositary. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to such series of the preferred stock. Whenever we redeem shares of preferred stock held by the preferred stock depositary, the preferred stock depositary will redeem as of the same redemption date the number of depositary shares representing shares of redeemed preferred stock. If a portion of the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by lot, pro rata or by any other equitable method as may be determined by the preferred stock depositary. (Deposit agreement section 2.08)

Upon receipt of notice of any meeting at which the holders of the preferred stock are entitled to vote, the preferred stock depositary will mail the information contained in such notice of meeting to the record holders of the depositary shares relating to such preferred stock. Each record holder of such depositary shares on the record date, which will be the same date as the record date for the preferred stock, will be entitled to instruct the preferred stock depositary as to the exercise of the voting rights pertaining to the amount of the preferred stock represented by such holder's depositary shares. The preferred stock depositary will endeavor, insofar as practicable, to vote the amount of the preferred stock represented by such depositary shares in accordance with such instructions, and we will agree to take all reasonable action which may be deemed necessary by the preferred stock depositary in order to enable the preferred stock depositary to do so. The preferred stock depositary will not vote shares of the preferred stock if it does not receive specific instructions from the holder of depositary shares representing such preferred stock. (Deposit agreement section 4.05)

The form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement may be amended by agreement between Chubb and the preferred stock depositary at any time. However, any amendment which materially and adversely alters the rights of the holders of depositary shares will not be effective unless such amendment has been approved by the holders of a majority of the outstanding depositary shares. The deposit agreement will terminate only if all outstanding depositary shares have been redeemed or there has been a final distribution in respect of the preferred stock in connection with any liquidation, dissolution or winding-up of Chubb and such distribution has been distributed to the holders of depositary receipts. (Deposit agreement sections 6.01, 6.02)

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will pay charges of the preferred stock depositary in connection with the initial deposit of the preferred stock and issuance of depositary receipts, all withdrawals of shares of preferred stock by owners of depositary shares and any redemption of the preferred stock. Holders of

depository receipts will pay other transfer and other taxes and governmental charges and such other charges as are expressly provided in the deposit agreement to be for their accounts. (Deposit agreement section 5.07)

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

The preferred stock depository will forward to holders of depository receipts all reports and communications from Chubb which are delivered to the preferred stock depository and which Chubb is required or otherwise determines to furnish to the holders of the preferred stock. (Deposit agreement section 4.07)

Neither the preferred stock depository nor Chubb will be liable under the deposit agreement to holders of depository receipts other than for its negligence, willful misconduct or bad faith. Neither Chubb nor the preferred stock depository will be obligated to prosecute or defend any legal proceeding relating to any of the depository shares or preferred stock unless satisfactory indemnity is furnished. Chubb and the preferred stock depository may rely upon written advice of its counsel or accountants, or upon information provided by persons presenting preferred stock for deposit, holders of depository receipts or other persons believed to be competent and on documents believed to be genuine. (Deposit agreement section 5.03)

#### **Shareholders Rights Plan**

We have a shareholder rights agreement under which each shareholder has a right for each share of common stock held. Each right entitles the registered holder to purchase from Chubb a unit consisting of one one-thousandth of a share of Series B Participating Cumulative Preferred Stock, par value \$1.00 per share, at a purchase price of \$240 per unit. The rights are subject to adjustment to prevent dilution of the interests represented by each right. The description and terms of the rights are set forth in a rights agreement between Chubb and EquiServe Trust Company, N.A., as rights agent. We have summarized portions of the rights agreement. The summary is not complete. The rights agreement has been filed as an exhibit to the registration statement that we have filed with the SEC and that includes this prospectus. You should read the rights agreement for the provisions that may be important to you.

The shareholder rights plan is reviewed and evaluated at least once each year by a committee of independent directors to determine if the maintenance of the shareholder rights plan continues to be in the best interest of Chubb, its shareholders and any other relevant constituencies of Chubb. Following a review, the committee of independent directors will communicate its conclusions to the full board of directors, including any recommendation as to whether the shareholder rights plan should be modified or the rights should be redeemed.

The rights are attached to all outstanding shares of common stock and trade with the common stock until the rights become exercisable, and no separate rights certificates will be distributed. The rights will separate from the common stock and a distribution date will occur upon the earlier of either of the following:

10 days following the date of any public announcement that a person or group of affiliated or associated persons, referred to in this prospectus as an acquiring person, has acquired beneficial ownership of 20% or more of the outstanding shares of common stock; or

10 business days following the commencement of a tender offer or exchange offer that would result in a person or group becoming an acquiring person.

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Until the distribution date, or earlier redemption or expiration of the rights:

the rights will be evidenced by the common stock certificates and will be transferred with and only with such common stock certificates;

new common stock certificates issued after March 31, 1999 will contain a notation incorporating the rights agreement by reference; and

the surrender for transfer of any certificates for common stock will also constitute the transfer of the rights associated with the common stock represented by such certificates.

The rights are not exercisable until the distribution date and will expire at the close of business on March 12, 2009 unless previously redeemed by Chubb as described below.

As soon as practicable after the distribution date, rights certificates will be mailed to holders of record of common stock as of the close of business on the distribution date and, thereafter the separate rights certificates alone will represent the rights. Except as otherwise determined by the board of directors, only shares of common stock issued prior to the distribution date will be issued with rights.

If any person becomes an acquiring person:

proper provision will be made so that each holder of a right, other than rights that are, or (under the circumstances specified in the rights agreement) were, beneficially owned by an acquiring person (which will thereafter be void), will have the right to receive upon exercise the number of shares of common stock having a market value of two times the exercise price of the right; or

at the option of board of directors, at any time until such acquiring person becomes the beneficial owner of 50% or more of the shares of common stock, Chubb may exchange the rights, other than rights that are, or (under the circumstances specified in the rights agreement) were, beneficially owned by an acquiring person (which will thereafter be void), for shares of common stock at an exchange ratio of one share of common stock per right, appropriately adjusted to reflect any stock split, stock dividend or similar transaction. If, at any time following the date of any public announcement that an acquiring person has acquired beneficial ownership of 20% or more of the outstanding shares of common stock, Chubb is acquired in a merger or other business combination transaction, or 50% or more of Chubb's assets or earning power is sold, each holder of a right shall thereafter have the right to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the right. The events described in this paragraph are referred to as triggering events.

The purchase price payable, and the number of units of preferred stock or other securities or property issuable, upon exercise of the rights are subject to adjustment from time to time to prevent dilution upon the occurrence of one of the following:

in the event of a stock dividend on, or a subdivision, combination or reclassification of, the preferred stock;

if holders of the preferred stock are granted rights or warrants to subscribe for preferred stock, or convertible securities at less than the current market price of the preferred stock; or

upon the distribution to holders of the preferred stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

No adjustment in the purchase price will be required until cumulative adjustments amount to at least 1% of the purchase price. No fractional units will be issued and, in lieu of fractional units, an adjustment in cash will be made based on the market price of the preferred stock on the last trading date prior to the date of exercise.

The rights may be redeemed in whole, but not in part, at a price of \$.01 per right by the board of directors at any time prior to the earlier of:

a person or group of persons becoming an acquiring person; and

March 12, 2009.

Immediately upon the action of the board of directors ordering redemption of the rights, the rights will terminate and thereafter the only right of the holders of rights will be to receive the redemption price.

Until a right is exercised, the holder will have no rights as a shareholder of Chubb (beyond those as an existing shareholder), including the right to vote or to receive dividends. As long as the rights are attached to the common stock, Chubb will issue one right with each new share of common stock issued.

## DESCRIPTION OF WARRANTS

We may issue warrants to purchase debt securities as well as other types of warrants to purchase preferred stock or common stock. We may offer warrants separately or together with one or more additional warrants or debt securities or any combination of those securities in the form of units, as described in the applicable prospectus supplement. The warrants will be issued under warrant agreements to be entered into between us and a bank or trust company, as warrant agent. Warrants to purchase debt securities are referred to in this prospectus as debt warrants.

### Debt Warrants

The applicable prospectus supplement will describe the terms of the debt warrants offered by such prospectus supplement, the warrant agreement relating to such debt warrants and the debt warrant certificates representing such debt warrants, including the following:

the title of the debt warrants;

the aggregate number of the debt warrants;

the price or prices at which the debt warrants will be issued;

the currency or currencies, including composite currencies or currency units, in which the price of the debt warrants may be payable;

the designation, aggregate principal amount and terms of the debt securities purchasable on exercise of the debt warrants, and the procedures and conditions relating to the exercise of the debt warrants;

the designation and terms of any related debt securities with which the debt warrants are issued and the number of the debt warrants issued with each such security;

the currency or currencies, including composite currencies or currency units, in which the principal (or premium, if any), or interest, if any, on the debt securities on exercise of the debt warrants will be payable;

the date, if any, on and after which the debt warrants and the related debt securities will be separately transferable;

the principal amount of debt securities purchasable on the exercise of each debt warrant and the price at which and the currency or currencies, including composite currency or currency units, in which such principal amount may be purchased on the exercise;

the date on which the right to exercise the debt warrants shall commence, and the date on which such right will expire;

the maximum and minimum number of the debt warrants which may be exercised at any time;

a discussion of the material federal income tax considerations, if any, and

any other terms of the debt warrants and terms, procedures and limitations relating to the exercise of the debt warrants.

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, each as indicated in the 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 securities purchasable upon such

exercise and will not be entitled to payments of principal of, or premium, if any, or interest, if any, on the securities purchasable upon such exercise.



**Other Warrants**

Chubb may issue other warrants, which may include warrants for preferred stock or common stock. The applicable prospectus supplement will describe the terms of any such other warrants, including information similar to that listed above for debt warrants and any provisions for adjustment of the number or amount of securities receivable upon exercise of the warrants or the exercise price of the warrants.

**Exercise of Warrants**

Each warrant will entitle the holder of warrants to purchase for cash such principal amount of debt securities, preferred stock or common stock, as the case may be, at exercise price set forth in the prospectus supplement offering the warrants. Warrants may be exercised at any time up to the close of business on the expiration date set forth in the prospectus supplement offering the warrants. After the close of business on the expiration date, unexercised warrants will become void.

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

## PLAN OF DISTRIBUTION

We may sell the securities:

through agents;

through underwriters;

through dealers; or

directly to purchasers.

Agents designated by us may solicit offers to purchase the securities from time to time. Any such agent involved in the offer or sale of the securities will be named, and any commissions payable by Chubb to such agent will be set forth, in the prospectus supplement. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter as that term is defined in the Securities Act of 1933, of the securities so offered and sold.

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

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

We may solicit offers to purchase securities directly and we may make sales directly to institutional investors or others. The terms of any such sales, including the terms of any bidding or auction process, if utilized, will be described in the prospectus supplement relating to such sale.

We may also offer and sell securities, if so indicated in the prospectus supplement, in connection with a remarketing upon their purchase, in accordance with a redemption or repayment pursuant to their terms, or otherwise, by one or more firms referred to as remarketing firms, acting as principals for their own accounts or as our agents. Any remarketing firm will be identified and the terms of its agreement, if any, with us, and its compensation will be described in the prospectus supplement. Remarketing firms may be deemed to be underwriters in connection with the securities they remarket.

We may indemnify agents, underwriters, dealers and remarketing firms against liabilities, including liabilities under the Securities Act of 1933, and any such agents, underwriters, dealers or remarketing firms, or their affiliates may be customers of, engage in transactions with or perform services for us in the ordinary course of business.

If so indicated in the prospectus supplement, we will authorize agents and underwriters to solicit offers by specified institutions to purchase securities from us, at the public offering price set forth in the prospectus supplement pursuant to delayed delivery contracts providing for payment and delivery on the date stated in the prospectus supplement. Such delayed delivery contracts will be subject to only those conditions set forth in the prospectus supplement. A commission indicated in the prospectus supplement will be paid to underwriters and agents soliciting purchases of securities pursuant to delayed delivery contracts we accept.

## LEGAL MATTERS

The validity of the securities in respect of which this prospectus is being delivered will be passed on for us by Drinker Biddle & Shanley LLP.

**EXPERTS**

The consolidated financial statements and related financial statement schedules included or incorporated by reference in Chubb's Annual Report on Form 10-K for the year ended December 31, 2001, incorporated by reference in this prospectus and elsewhere in the registration statement, have been audited by Ernst & Young LLP, independent auditors, as indicated in their reports dated February 28, 2002 and March 28, 2002, and are included in this prospectus in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

No dealer, salesperson, or other person has been authorized to give any information or to present anything not in this prospectus supplement or the accompanying prospectus. You must not rely on any unauthorized information or representations. This prospectus supplement and the accompanying prospectus are an offer to sell only the securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement and the accompanying prospectus is current only as of its date.

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**21,000,000 Common Stock  
Purchase Warrants  
\$525,000,000  
4.00% Senior Notes  
Due 2007  
in the form of  
7.00% Equity Units**

**The Chubb Corporation**

**Goldman, Sachs & Co.**

**Salomon Smith Barney**

**Credit Suisse First Boston**

**Deutsche Bank Securities**

**Merrill Lynch & Co.**

**\$**  
**% Senior Notes due 2007**

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**REMARKETING PROSPECTUS SUPPLEMENT**  
August , 2005

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**Citigroup**

**Deutsche Bank Securities**  
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