

PROSPECTUS SUPPLEMENT
 (To Prospectus dated August 13, 1993)

\$150,000,000

AIR PRODUCTS AND CHEMICALS, INC.
 7 3/8% NOTES DUE 2005

Interest Payable May 1 and November 1

Interest on the Notes is payable on May 1 and November 1 of each year, commencing November 1, 1995. The Notes will mature on May 1, 2005. The Notes are not redeemable prior to maturity. The Notes will be represented by one or more global Notes registered in the name of the nominee of The Depository Trust Company (the "DTC"). Beneficial interests in the global Notes will be shown on, and transfers thereof will be effected only through, records maintained by the DTC and its participants. The Notes will trade in the DTC's Same Day Funds Settlement System until maturity, and secondary market trading activity for the Notes will therefore settle in immediately available funds. All payments of principal and interest will be made by the Company in immediately available funds.

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

	INITIAL PUBLIC OFFERING PRICE(1)	UNDERWRITING DISCOUNT(2)	PROCEEDS TO COMPANY(1)(3)
Per Note.....	99.477%	.650%	98.827%
Total.....	\$149,215,500	\$975,000	\$148,240,500

- (1) Plus accrued interest, if any, from May 1, 1995 to the date of delivery.
- (2) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.
- (3) Before deducting estimated expenses of \$100,000 payable by the Company.

The Notes offered by this Prospectus Supplement are offered severally by the Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that the Notes will be ready for delivery in book-entry form only through the facilities of the DTC in New York, New York, on or about May 1, 1995, against payment therefor in immediately available funds.

LEHMAN BROTHERS

GOLDMAN, SACHS & CO.

April 24, 1995

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

THE COMPANY

The Company, through internal development and by acquisitions, has established an internationally recognized industrial gas and related industrial process equipment business, and developed strong positions as a producer of certain chemicals. In addition, the Company has developed an environmental and energy business principally through various partnerships.

The industrial gases business segment recovers and distributes industrial gases such as oxygen, nitrogen, argon and hydrogen and a variety of medical and specialty gases. The chemicals business segment produces and markets specialty chemicals and chemical intermediates. The environmental and energy business is principally composed of partnerships in waste-to-energy, cogeneration and flue-gas desulfurization. The equipment and technology business segment supplies cryogenic and other process equipment and related engineering services.

The Company was incorporated in 1961 under Delaware law and is the successor to a Michigan corporation organized in 1940. Its principal executive offices are located at 7201 Hamilton Boulevard, Allentown, Pennsylvania 18195-1501, telephone (610) 481-4911. Except as otherwise indicated by the context, the term "Company" as used herein means Air Products and Chemicals, Inc., and its consolidated subsidiaries.

DESCRIPTION OF NOTES

The following description of the terms of the Notes offered hereby (referred to in the Prospectus as the "Securities") supplements, and to the extent inconsistent therewith replaces, insofar as such description relates to the Notes, the description of the Securities set forth in the Prospectus, to which description reference is hereby made.

The Notes will be limited to \$150,000,000 principal amount, will be issued in fully registered form only in denominations of \$1,000 and multiples thereof, and will mature on May 1, 2005. Principal will initially be payable, and Notes will initially be transferable and exchangeable, at the office of The Chase Manhattan Bank (National Association), as Trustee (the "Trustee"), at 4 Chase MetroTech Center, 3rd Floor, Brooklyn, New York 11245.

Interest on the Notes at the annual rate set forth on the cover of this Prospectus Supplement will be payable semiannually on each May 1 and November 1, commencing on November 1, 1995.

As specified on the cover page, the Notes will be represented by one or more global Notes (each a "Global Note") registered in the name of the nominee of the DTC. Ownership of beneficial interests in a Global Note will be limited to institutions that have accounts with the DTC or its nominee ("participants") or persons that may hold interests through participants. The Company has been advised by the DTC that upon the issuance of a Global Note and the deposit of such Global Note with the DTC, the DTC will immediately credit, on its book-entry registration and transfer system, the respective principal amounts of the Notes represented by such Global Note to the accounts of participants. The accounts to be credited shall be designated by the Underwriters.

The Company has been advised by the DTC that upon receipt of any payment of principal of or any premium or interest in respect of a Global Note, the DTC will immediately credit, on its book-entry registration and transfer system, accounts of participants with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of the DTC. Payments by participants to owners of beneficial interests in a Global Note held through such

participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name," and will be the sole responsibility of such participants.

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

The Notes may not be redeemed prior to maturity.

The provisions described in the Prospectus under "Description of Securities -- Defeasance of the Indenture and Securities" will be applicable to the Notes.

The Trustee acts as trustee for the Company's 8 7/8% Notes Due 2001, 8 1/2% Debentures Due 2006, 11 1/2% Notes Due 1995, 8 3/4% Debentures Due 2021, 6 1/4% Notes Due 2003 and 8.35% Notes Due 2002 issued under the Indenture (as defined in the Prospectus) and for the Company's Medium Term Notes, Series A, Medium Term Notes, Series B, and Medium Term Notes, Series C, issued under other indentures.

USE OF PROCEEDS

The net proceeds received by the Company from the sale of the Notes offered hereby, estimated at \$148,240,500 (before deducting expenses payable by the Company), will be used for general corporate purposes, including the repayment of \$100,000,000 aggregate principal amount of the Company's 11 1/2% Notes Due 1995, maturing May 1, 1995, the repayment of commercial paper and the possible repurchase of shares of the Company's Common Stock. At April 24, 1995, the Company had approximately \$175,000,000 of commercial paper outstanding, which matures no later than October 16, 1995, and bears interest at rates ranging from 5.93% to 6.45% per annum. Pending such application, all or a portion of the net proceeds will be invested in short-term money market instruments.

RATIOS OF EARNINGS TO FIXED CHARGES

	(UNAUDITED) YEAR ENDED SEPTEMBER 30					(UNAUDITED) THREE MONTHS ENDED DECEMBER 31
	1990	1991	1992	1993	1994	1994
	3.2	3.2	3.9	3.2	3.4	4.4

For the purpose of determining the unaudited ratios of earnings to fixed charges, earnings represent income (before extraordinary item and cumulative effect of accounting changes) before income taxes, fixed charges (less interest capitalized), amortization of capitalized interest and undistributed earnings of less-than-fifty-percent owned affiliates. Fixed charges consist of interest on all indebtedness (including capital lease obligations), capitalized interest, amortization of debt discount premium and expense and the portion of rent charges considered to be representative of the interest factor.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information, including the documents incorporated herein by reference, can be inspected and copied at the office of the Commission, at Room 1024 (Public Reference Room), 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the Regional Offices of the Commission at Northwestern Atrium Center, 500 West Madison Street (Suite 1400), Chicago, Illinois 60661 and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can be obtained by mail from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, such reports, proxy statements and other information concerning the Company can be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York, and the Pacific Stock Exchange, 115 Sansome Street, San Francisco, California.

UNDERWRITING

Subject to the terms and conditions set forth in the Purchase Agreement, the Company has agreed to sell to each of the Underwriters named below, and each of the Underwriters has severally agreed to purchase, the principal amount of the Notes set forth opposite its name below:

UNDERWRITER	PRINCIPAL AMOUNT OF NOTES
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Lehman Brothers Inc.	\$ 75,000,000
Goldman, Sachs & Co.	75,000,000

Total.....	\$ 150,000,000 =====

Under the terms and conditions of the Purchase Agreement, the Underwriters are committed to take and pay for all of the Notes, if any are taken.

The Underwriters propose to offer the Notes in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus Supplement and in part to certain securities dealers at such price less a concession of 0.400% of the principal amount of the Notes. The Underwriters may allow, and such dealers may reallow, a concession not to exceed 0.200% of the principal amount of the Notes to certain brokers and dealers. After the Notes are released for sale to the public, the offering price and other selling terms may from time to time be changed.

The Notes are a new issue of securities with no established trading market. The Company does not intend to apply for listing of the Notes on a national securities exchange, but has been advised by the several Underwriters that they presently intend to make a market in the Notes 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 Notes.

Settlement for the Notes will be made in immediately available funds and all secondary trading in the Notes will settle in immediately available funds.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

PROSPECTUS

AIR PRODUCTS AND CHEMICALS, INC.
DEBT SECURITIES

Air Products and Chemicals, Inc. (the "Company"), directly, through agents designated from time to time, or through dealers or underwriters also to be designated, may sell from time to time after the date of this Prospectus up to \$250,000,000 aggregate principal amount of its debt securities (the "Securities"), in one or more series, on terms to be determined at the time of sale. The specific designation, aggregate principal amount, authorized denominations, maturity, interest rate or method for its calculation, if any, interest payment dates, purchase price, any terms for redemption, repayment or defeasance or other specific terms, any listing on a securities exchange, sinking fund provisions, if any, and the agents, dealers or underwriters, if any, in connection with the sale of the Securities in respect of which this Prospectus is being delivered are set forth in the accompanying Prospectus Supplement ("Prospectus Supplement") together with the terms of offering of the Securities. The Company reserves the sole right to accept and, together with its agents from time to time, to reject in whole or in part any proposed purchase of Securities to be made directly or through agents.

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

If an agent of the Company or a dealer or underwriter is involved in the sale of the Securities in respect of which this Prospectus is being delivered, the agent's commission, dealer's purchase price or underwriter's discount is set forth in, or may be calculated from, the Prospectus Supplement and the net proceeds to the Company from such sale will be the purchase price of such Securities less such commission in the case of an agent, the purchase price of such Securities in the case of a dealer or the public offering price less such discount in the case of an underwriter, and less, in each case, the other attributable issuance and distribution expenses. The aggregate proceeds to the Company from all the Securities will be the purchase price of Securities sold less the aggregate of agents' commissions and underwriters' discounts and other expenses of issuance and distribution. See "Plan of Distribution" for possible indemnification arrangements for the agents, dealers and underwriters.

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

August 13, 1993

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information, including the documents incorporated herein by reference, can be inspected and copied at the office of the Commission at Room 1024 (Public Reference Room), 450 Fifth Street, N.W., Washington, D.C. 20549, as well as at the Regional Offices of the Commission at Northwestern Atrium Center, 500 West Madison Street (Suite 1400), Chicago, Illinois 60661 and 7 World Trade Center, 13th Floor, New York, New York 10048. Copies of such material can be obtained by mail from the Public Reference Room of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, such reports, proxy statements and other information concerning the Company can be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York, and the Pacific Stock Exchange, 115 Sansome Street, San Francisco, California.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Company hereby incorporates by reference in this Prospectus the following documents:

(a) The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1992, filed pursuant to Section 13 of the Securities Exchange Act of 1934; and

(b) The Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended December 31, 1992, and March 31, 1993, filed pursuant to Section 13 of the Securities Exchange Act of 1934.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 subsequent to the date of this Prospectus and prior to the termination of the offering of the Securities shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Any person receiving a copy of this Prospectus may obtain without charge, upon written or oral request, a copy of any of the documents incorporated by reference herein, except for the exhibits to such documents. Requests should be directed to the Corporate Secretary's Office, Air Products and Chemicals, Inc., 7201 Hamilton Boulevard, Allentown, Pennsylvania 18195-1501, telephone: (610) 481-4911.

THE COMPANY

The Company, through internal development and by acquisitions, has established an internationally recognized industrial gas and related industrial process equipment business, and developed strong positions as a producer of certain chemicals. In addition, the Company has developed an environmental and energy business principally through various partnerships.

The industrial gases business segment recovers and distributes industrial gases such as oxygen, nitrogen, argon and hydrogen and a variety of medical and specialty gases. The chemicals business segment produces and markets specialty chemicals and chemical intermediates. The environmental and energy business is principally composed of partnerships in waste-to-energy, cogeneration and flue-gas desulfurization. The equipment and technology business segment supplies cryogenic and other process equipment and related engineering services.

The Company was incorporated in 1961 under Delaware law and is the successor to a Michigan corporation organized in 1940. Its principal executive offices are located at 7201 Hamilton Boulevard, Allentown, Pennsylvania 18195-1501, telephone (610) 481-4911. Except as otherwise indicated by the context, the term "Company" as used herein means Air Products and Chemicals, Inc., and its consolidated subsidiaries.

RATIOS OF EARNINGS TO FIXED CHARGES

(UNAUDITED)					(UNAUDITED)
YEAR ENDED SEPTEMBER 30,					SIX MONTHS
					ENDED
					MARCH 31,
1988	1989	1990	1991	1992	1993
3.9	3.6	3.2	3.2	3.9	4.2

For the purpose of determining the unaudited ratios of earnings to fixed charges, earnings represent income (before extraordinary item) before income taxes, fixed charges (less interest capitalized), amortization of capitalized interest and dividends received in excess of earnings of less-than-fifty-percent owned affiliates. Fixed charges consist of interest on all indebtedness (including capital lease obligation), capitalized interest, amortization of debt discount premium and expense and the portion of rent charges considered to be representative of the interest factor.

USE OF PROCEEDS

The Company currently intends to apply the net proceeds from the sale of the Securities to its general funds to be used for general corporate purposes, including the repayment of commercial paper obligations. Pending such application, all or a portion of the net proceeds may be invested in short-term money market instruments. The precise amount and timing of the use of the proceeds will depend upon future requirements and the availability of other funds to the Company.

DESCRIPTION OF SECURITIES

The Securities offered hereby will be issuable in one or more series under an Indenture dated as of January 18, 1985, as amended as of July 15, 1993 (the "Indenture"), entered into between the Company and The Chase Manhattan Bank (National Association), as Trustee (the "Trustee"). The following statements are subject to the detailed provisions of the Indenture, a copy of which is filed as an exhibit to the Registration Statement. Wherever references are made to particular provisions of the Indenture, such provisions are incorporated by reference as a part of the statements made and such statements are qualified in their entirety by such reference. Certain defined terms are capitalized. References in italics are to the Indenture.

GENERAL

The Indenture provides that the aggregate principal amount of Securities which may be issued under the Indenture is unlimited. Reference is made to the Prospectus Supplement for the following terms of the Securities in respect of which this Prospectus is being delivered: (1) the designation, aggregate principal amount and authorized denominations of such Securities; (2) the percentage of their principal amount at which such Securities will be issued; (3) the date on which such Securities will mature; (4) the rate or rates per annum, if any, at which such Securities will bear interest or the method for calculating such rate; (5) the times at which such interest, if any, will be payable; (6) provisions for a sinking fund, if any; (7) whether such Securities are to be issued in book-entry form, and, if so, the identity of the depository and information with respect to book-entry procedures; and (8) any redemption, repayment or defeasance terms or other specific terms. Principal and interest, if any, will be payable, and the Securities offered hereby will be transferable or exchangeable, as provided therein.

The Securities will be unsecured and will rank on a parity with all other unsecured and unsubordinated indebtedness of the Company.

One or more series of the Securities may be issued as discounted Securities (bearing no interest or interest at a rate which at the time of issuance is below market rates) to be sold at a substantial discount below their stated principal amount. Federal income tax consequences and other special considerations applicable to any such series of discounted Securities will be described in the Prospectus Supplement relating thereto.

The Securities offered hereby will be issued only in fully registered form without coupons. No service charge will be made for any transfer or exchange of the Securities, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. (Section 2.8)

CERTAIN COVENANTS OF THE COMPANY

Limitations on Liens -- Subject to the exceptions set forth below under "Exempted Indebtedness", the Company covenants that it will not create or assume, nor will it permit any Restricted Subsidiary (as hereinafter defined) to create or assume, any lien on any Principal Property (as hereinafter defined) or shares of capital stock or indebtedness of any Restricted Subsidiary, whether owned at the date of the Indenture or thereafter acquired, without equally and ratably securing the outstanding Securities. This restriction will not apply to certain permitted liens, including the following: (1) liens on any Principal Property which are created or assumed contemporaneously with, or within 120 days after (or in the case of any such Principal Property which is being financed on the basis of long-term contracts or similar financing arrangements for which a firm commitment is made by one or more banks, insurance companies or other lenders or investors (not including the Company or any Restricted Subsidiary), then within 360 days after), the completion of the acquisition, construction or improvement of such Principal Property to secure or provide for the payment of any part of the purchase price of such property or the cost of such construction or improvement, or liens on any Principal Property existing at the time of acquisition thereof; (2) liens on property or shares of capital stock or indebtedness of a corporation existing at the time such corporation is merged into or consolidated with the Company or a Restricted Subsidiary or at the time of a sale, lease or other disposition of the properties of a corporation substantially as an entirety to the Company or a Restricted Subsidiary; (3) liens on property or shares of capital stock or indebtedness of a corporation existing at the time such corporation becomes a Restricted Subsidiary; (4) liens to secure indebtedness of a Restricted Subsidiary to the Company or to another Restricted Subsidiary, but only so long as such indebtedness is held by the Company or a Restricted Subsidiary; (5) liens in favor of the United States of America or any state, or any department, agency or political subdivision thereof, to secure certain payments pursuant to any contract or statute, including liens to secure indebtedness of the pollution control or industrial revenue bond type, or to secure indebtedness incurred for the purpose of financing all or any part of the purchase price or cost of constructing or improving property subject to such liens; (6) liens in favor of any customer arising in respect of certain payments made by or on behalf of such customer for goods produced for or services rendered to such customer in the ordinary course of business not exceeding the amount of such payments; (7) liens to extend, renew or replace in whole or in part any lien referred to in the foregoing clauses (1) to (6), or in this clause (7), or any lien created prior to and existing on the date of the Indenture, provided that the principal amount of indebtedness secured thereby shall not exceed the principal amount of indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement shall be limited to all or a part of the property subject to the lien so extended, renewed or replaced (plus improvements on such property); and (8) certain statutory liens, liens for taxes and certain other liens. (Section 3.6)

Limitations on Sale and Lease-Back Transactions -- Subject to the exceptions set forth below under "Exempted Indebtedness", sale and lease-back transactions by the Company or any Restricted Subsidiary of any Principal Property which has been owned and operated by the Company or a

Restricted Subsidiary for more than 120 days are prohibited unless (1) the property involved is property which could be the subject of a lien without equally and ratably securing the Securities; (2) an amount equal to the Attributable Debt (as hereinafter defined) of any such sale and lease-back transaction is applied to the acquisition of another Principal Property of equal fair market value or to retirement of indebtedness for borrowed money (including the Securities) which by its terms matures on or is renewable at the option of the obligor to a date more than twelve months after the creation of such indebtedness; or (3) the lease involved is for a term (including renewals) of not more than three years. (Section 3.7)

Exempted Indebtedness -- The Company or a Restricted Subsidiary may create or assume liens and enter into sale and lease-back transactions, notwithstanding the limitations outlined above, provided that at the time thereof and after giving effect thereto the aggregate amount of indebtedness secured by all such liens and Attributable Debt of all such sale and lease-back transactions outstanding shall not exceed 5% of Consolidated Net Tangible Assets (as hereinafter defined). (Section 3.8)

Limitations on Mergers, Consolidations and Sales of Assets -- If, upon any consolidation or merger of the Company with or into any other corporation, or upon any sale, conveyance or lease of substantially all its properties, any Principal Property would thereupon become subject to any lien, the Company, prior to such event, will secure the Securities equally and ratably with any other obligations of the Company then entitled thereto by a direct lien on all such Principal Property prior to all other liens other than any theretofore existing thereon. (Section 3.9)

Certain Definitions -- The term "Subsidiary" means any corporation of which at least a majority of all outstanding voting stock is at the time owned by the Company or by one or more Subsidiaries or by the Company and one or more Subsidiaries. The term "Restricted Subsidiary" means any Subsidiary (a) substantially all of the property of which is located, or substantially all of the business of which is carried on, within the United States and (b) which owns or leases a Principal Property. The term "Principal Property" means any manufacturing plant, research facility or warehouse owned or leased by the Company or any Subsidiary which is located within the United States and has a net book value exceeding 1% of shareholders' equity of the Company and its consolidated Subsidiaries excluding any property which the Board of Directors by resolution declares is not of material importance to the total business of the Company and its Subsidiaries as an entirety. The term "Attributable Debt" means the present value (discounted as provided in the Indenture) of the obligation of a lessee for required rental payments for the remaining term of any lease. The term "Consolidated Net Tangible Assets" means at any time the total of all assets appearing on the most recent consolidated balance sheet of the Company and its consolidated Subsidiaries, prepared in accordance with generally accepted accounting principles, at their net book values (after deducting related depreciation, depletion, amortization and all other valuation reserves which, in accordance with such principles, should be set aside in connection with the business conducted), but excluding goodwill, trademarks, patents, unamortized debt discount and all other like segregated intangible assets, and amounts on the asset side of such balance sheet for capital stock of the Company, all as determined in accordance with such principles, less Consolidated Current Liabilities. The term "Consolidated Current Liabilities" means the aggregate of the current liabilities of the Company and its consolidated Subsidiaries appearing on the consolidated balance sheet of the Company and its consolidated Subsidiaries, all as determined in accordance with generally accepted accounting principles. (Section 1.1)

EVENTS OF DEFAULT, WAIVER AND NOTICE

As to any series of Securities, an Event of Default is defined in the Indenture as being any one of the following events and events as may be established with respect to the Securities of such series in any applicable Pricing Supplement: (a) default for 30 days in the payment of any interest on the Securities of such series; (b) default in the payment of principal and premium, if any, on the Securities of such series when due either at maturity, upon redemption, by declaration or otherwise; (c) default in the payment of any sinking fund installment on the Securities of such series; (d) default by the Company in the performance of any other of the covenants or agreements in the Indenture (other

than those set forth exclusively in the terms of any series of Securities) which shall not have been remedied for a period of 90 days after appropriate notice; or (e) certain events of bankruptcy, insolvency and reorganization of the Company. (Section 5.1) No Event of Default with respect to any particular series of Securities necessarily constitutes an Event of Default with respect to any other series of Securities. The Indenture provides that the Trustee may withhold notice to the holders of Securities of any series of any default (except in payment of principal of or interest on such Securities or in the making of any sinking fund payment with respect to such Securities) if the Trustee considers it in the interest of the holders of Securities of such series to do so. (Section 5.11)

The Indenture provides that: (1) if an Event of Default described in clause (a), (b) or (c) above or established with respect to the Securities of any series shall have occurred and be continuing, either the Trustee or the holders of 25% in principal amount of the Securities of such series then outstanding may declare the principal (or, in the case of discounted Securities, the amount specified in the terms thereof) of all such Securities to be due and payable immediately and (2) if an Event of Default described in clause (d) or (e) above shall have occurred and be continuing, either the Trustee or the holders of not less than 25% in principal amount of all Securities then outstanding may declare the principal (or, in the case of discounted Securities, the amount specified in the terms thereof) of all Securities to be due and payable immediately, but upon certain conditions such declarations may be annulled and past defaults (except for defaults in the payment of principal of, or premium or interest, if any, on, such Securities) may be waived by the holders of a majority in principal amount of the Securities of such series (or of all series as the case may be) then outstanding. (Section 5.1 and Section 5.10)

The holders of a majority in aggregate principal amount of the Securities of each series affected (with each series voting as a separate class) and then outstanding shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee under the Indenture, subject to certain limitations specified in the Indenture, provided that the holders of Securities shall have offered to the Trustee reasonable indemnity against expenses and liabilities. (Section 5.9 and Section 6.2(d)) The Indenture requires the annual filing by the Company with the Trustee of a certificate as to the absence of certain defaults under the Indenture. (Section 3.5)

Other than the restrictions on liens and sale and lease-back transactions described above, the Indenture and the Securities do not contain any covenants or other provisions designed to afford holders of the Securities protection in the event of a highly leveraged transaction involving the Company or any Subsidiary.

MODIFICATION OF THE INDENTURE

The Indenture contains provisions permitting the Company and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities of all series affected by such modification at the time outstanding (voting as one class), to modify the Indenture or any supplemental indenture or the rights of the holders of the Securities, provided that no such modification shall (i) extend the final maturity of any Security, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce any amount payable upon redemption thereof, or reduce the amount of the principal of a discounted Security due and payable upon acceleration of the maturity thereof or provable in bankruptcy, or impair or affect the right of a holder to institute suit for the payment thereof or the right of repayment, if any, at the option of the holder thereof, without the consent of the holder of each Security so affected, or (ii) reduce the aforesaid percentage of Securities of any series, the consent of the holders of which is required for any such modification, without the consent of the holder of each Security so affected. (Section 8.2)

GLOBAL SECURITIES

The Securities of a series may be issued in the form of a global security which is deposited with and registered in the name of the depository (or a nominee of the depository) specified in the accompanying Prospectus Supplement. So long as the depository for a global security, or its nominee, is the registered owner of the global security, the depository or its nominee, as the case may be, will be considered the sole owner or holder of the Securities represented by such global security for all purposes under the Indenture. Except as provided in the Indenture, owners of beneficial interests in Securities represented by a global security will not (a) be entitled to have such Securities registered in their names, (b) receive or be entitled to receive physical delivery of certificates representing such Securities in definitive form, (c) be considered the owners or holders thereof under the Indenture and (d) have any rights under the Indenture with respect to such global security (Section 2.13). The Company, in its sole discretion, may at any time determine that any series of Securities issued or issuable in the form of a global security shall no longer be represented by such global security and such global security shall be exchanged for securities in definitive form pursuant to the Indenture (Section 2.13).

Upon the issuance of a global security, the depository will credit, on its book-entry registration and transfer system, the respective principal amounts of such global security to the accounts of participants in the depository. Ownership of beneficial interests in a global security will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depository (with respect to interests of participants in the depository), or by participants in the depository or persons that may hold interests through such participants (with respect to persons other than participants in the depository). Ownership of beneficial interests in a global security will be limited to participants or persons that hold interests through participants.

CONCERNING THE TRUSTEE

The Chase Manhattan Bank (National Association), the Trustee under the Indenture, has extended credit facilities to, and performs other services for, the Company in the normal course of business. The Chase Manhattan Bank (National Association) acts as trustee for the Company's Medium-Term Notes, Series A, and Medium-Term Notes, Series B, issued under another indenture and for the Company's 11 1/2% Notes Due 1995, 8 1/2% Debentures Due 2006, 8 7/8% Notes Due 2001, 8 3/4% Debentures Due 2021 and 6 1/4% Notes Due 2003 issued under the Indenture.

DEFEASANCE OF THE INDENTURE AND SECURITIES

The Company at any time may satisfy its obligations with respect to payments of principal of, premium, if any, and interest, if any, on, any Security or Securities of any series by depositing in trust with the Trustee cash or U.S. Government Obligations (as defined in the Indenture) or a combination thereof sufficient to make such payments when due. If such deposit is sufficient to make all payments of (1) interest, if any, on such Securities prior to and on their redemption or maturity, as the case may be, and (2) principal of, and premium, if any, on such Securities when due upon redemption or at maturity, as the case may be, all the obligations of the Company with respect to such Securities and the Indenture insofar as it relates to such Securities will be discharged and terminated (except as to the Company's obligations to compensate, reimburse and indemnify the Trustee pursuant to the Indenture). In the event of any such defeasance, holders of such Securities would be able to look only to such trust fund for payment of principal and premium, if any, and interest, if any, on Securities of such series until maturity or redemption. (Article Ten)

For federal income tax purposes, there is a substantial risk that any deposit of cash and/or U.S. Government Obligations with respect to which the Company shall have elected to satisfy and fully discharge its obligations with respect to any series of Securities could be treated as a taxable exchange of such Securities for interests in the trust (or, alternatively, for an instrument representing indebtedness of the trust). In that event, a holder could be required to recognize taxable gain or loss at the

time of such defeasance as if the Securities had been sold for an amount equal to the sum of the amount of money and the fair market value of the U.S. Government Obligations held in the defeasance trust (or, alternatively, the value of the instrument). Thereafter, a holder might be required to include in income the holder's share of the income, gain and loss of the trust (or, alternatively, the trust might be considered a separate taxable entity with respect to such items and with respect to the debt instrument, in which case a holder might also be taxable on original issue discount as well as interest on the instrument). Purchasers of the Securities should consult their own advisors with respect to the more detailed tax consequences to them of such deposit and discharge, including the applicability and effect of tax laws other than federal income tax law.

PLAN OF DISTRIBUTION

The Company may sell the Securities in any of four ways: (i) directly to purchasers; (ii) through agents; (iii) through underwriters; or (iv) through dealers.

Offers to purchase Securities may be solicited directly by the Company or by agents designated by the Company from time to time. Any such agent, who may be deemed to be an underwriter as that term is defined in the Securities Act of 1933, involved in the offer or sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Agents may be customers of, engage in transactions with or perform services for the Company in the ordinary course of business.

If an underwriter or underwriters are utilized in the sale, the Company will execute an underwriting agreement with such underwriters at the time of sale to them and the names of the underwriters and the terms of the transaction will be set forth in the Prospectus Supplement, which will be used by the underwriters to make resales of the Securities in respect of which this Prospectus is delivered to the public.

If a dealer is utilized in the sale of the Securities in respect of which this Prospectus is delivered, the Company will sell such Securities to such 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.

Agents, underwriters and dealers may be entitled under the relevant agreements to indemnification by the Company against certain liabilities, including liabilities under the Securities Act of 1933.

If so indicated in the Prospectus Supplement, the Company will authorize agents or underwriters to solicit offers by certain institutions to purchase Securities from the Company at the public offering price set forth in the Prospectus Supplement pursuant to Delayed Delivery Contracts ("Contracts") providing for payment and delivery on the date stated in the Prospectus Supplement. Each Contract will be for an amount not less than, and unless the Company otherwise agrees the aggregate principal amount of Securities sold pursuant to Contracts shall be not more than, the respective amounts stated in the Prospectus Supplement. Institutions with which Contracts, when authorized, may be made include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and other institutions but shall in all cases be subject to the approval of the Company. Contracts will not be subject to any conditions except that the purchase by an institution of the Securities covered by its Contract shall not at the time of delivery be prohibited under the laws of any jurisdiction in the United States to which such institution is subject. A commission indicated in the Prospectus Supplement will be paid to underwriters or agents soliciting purchases of Securities pursuant to Contracts accepted by the Company.

The place and time of delivery for the Securities in respect of which this Prospectus is delivered will be set forth in the Prospectus Supplement.

LEGAL OPINIONS

The legality of the Securities in respect of which this Prospectus is being delivered will be passed on for the Company by James H. Agger, Esq., Vice President, General Counsel and Secretary of the Company, or Robert F. Gerkens, Esq., Assistant General Counsel -- Corporate of the Company, and for the underwriters, if any, by Cravath, Swaine & Moore, 825 Eighth Avenue, New York, New York 10019. Messrs. Agger and Gerkens, in their capacities indicated, are paid salaries by the Company, they are participants in various employee benefit plans offered to employees of the Company generally and each owns and has options to purchase shares of common stock of the Company. Cravath, Swaine & Moore from time to time acts as special counsel for the Company.

EXPERTS

The financial statements and the related supporting schedules included or incorporated by reference in the Company's Annual Report on Form 10-K for the year ended September 30, 1992, have been audited by Arthur Andersen & Co., independent public accountants, as indicated in their reports with respect thereto, and are incorporated herein by reference in reliance upon the reports of said firm and upon the authority of said firm as experts in accounting and auditing.

