

REGISTRATION NO.

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549

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

AIR PRODUCTS AND CHEMICALS, INC.  
(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction  
of incorporation or organization)  
23-1274455

(I.R.S. Employer  
Identification No.)

7201 HAMILTON BOULEVARD  
ALLENTOWN, PENNSYLVANIA 18195-1501  
(610) 481-4911

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

JAMES H. AGGER, ESQ.  
Senior Vice President, General Counsel and Secretary

AIR PRODUCTS AND CHEMICALS, INC.  
7201 HAMILTON BOULEVARD  
ALLENTOWN, PENNSYLVANIA 18195-1501  
(610) 481-4911

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

COPY TO:  
D. COLLIER KIRKHAM, ESQ.  
CRAVATH, SWAINE & MOORE  
Worldwide Plaza  
825 Eighth Avenue  
New York, New York 10019

Approximate date of commencement of proposed sale to the public:

From time to time after the effective date of this Registration Statement.

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum aggregate price per unit(2)	Proposed maximum aggregate offering price(2)	Amount of registration fee(2)
Debt Securities.....	\$300,000,000	100%	\$300,000,000	\$90,909

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- (1) Any offering of Debt Securities denominated in any foreign currencies or foreign currency units will be treated as the equivalent in U.S. dollars based on the exchange rate applicable to the purchase of such Debt Securities of the Registrant.
  - (2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457 under the Securities Act of 1933.

The Registration Statement shall hereafter become effective in accordance with the provisions of Section 8(a) of the Securities Act of 1933.

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	PRICE TO PUBLIC(1)	AGENTS' COMMISSIONS(2)	PROCEEDS TO COMPANY(2)(3)
Per Note.....	100%	.125% - .750%	99.250% - 99.875%
Total (4).....	\$300,000,000	\$375,000 - \$2,250,000	\$297,750,000 - \$299,625,000

- (1) Unless otherwise indicated in the Pricing Supplement relating thereto, each Note will be issued at 100% of its principal amount.
- (2) The Company will pay a commission to Lehman Brothers, Lehman Brothers Inc. and Goldman, Sachs & Co. (each an Agent and collectively the "Agents"), in the form of a discount, ranging from .125% to .750% of the principal amount of a Note, depending upon its maturity, sold through such Agent. Any Agent, acting as principal, may also purchase Notes at a discount for resale to one or more investors or one or more broker-dealers (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of resale, as determined by such Agent, or, if so agreed, at a fixed public offering price. Unless otherwise specified in the applicable Pricing Supplement, any Note sold to an Agent as principal will be purchased by such Agent at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to an agency sale of a Note of identical maturity. The Company has agreed to indemnify each Agent against certain liabilities, including liabilities under the Securities Act of 1933, as amended. In the case of Notes sold directly to purchasers by the Company, no commission will be paid.
- (3) Before deducting expenses payable by the Company estimated at \$400,000.
- (4) Or the equivalent thereof in other currencies or currency units.

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The Notes are being offered on a continuous basis by the Company through the Agents, each of which has agreed to use its reasonable best efforts to solicit purchases of the Notes. The Company may sell Notes to any Agent, as principal, for resale to one or more investors or to one or more broker-dealers (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of resale, as determined by such Agent, or, if so agreed, at a fixed public offering price. The Company reserves the right to sell Notes directly to purchasers on its own behalf or to use additional agents to solicit offers to purchase Notes. The Notes will not be listed on any securities exchange, and there can be no assurance that the Notes will be sold or that there will be a secondary market for the Notes. The Company reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Company or the Agent that solicits any offer to purchase Notes may reject such offer in whole or in part. See "Plan of Distribution."

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LEHMAN BROTHERS  
, 1997

GOLDMAN, SACHS & CO.

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE NOTES, INCLUDING OVER-ALLOTMENT, STABILIZING AND SHORT-COVERING TRANSACTIONS IN SUCH SECURITIES, AND THE IMPOSITION OF A PENALTY BID, IN CONNECTION WITH THE OFFERING. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "PLAN OF DISTRIBUTION".

This Prospectus Supplement contains brief summaries of certain documents incorporated by reference in the Prospectus. Such summaries are qualified in their entirety by the detailed information contained in the incorporated documents.

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RISK FACTORS

EXCHANGE RATES

An investment in Multi-Currency Notes (as defined below under "Special Provisions Relating to Multi-Currency Notes -- General") entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Similarly, an investment in a Currency Indexed Note (as defined below under "Description of Notes -- Currency Indexed Notes -- General") entails significant risks that are not associated with a similar investment in non-Currency Indexed Notes. Such risks include, without limitation, the possibility of significant changes in rates of exchange between the U.S. dollar and the Specified Currency (and, in the case of Currency Indexed Notes, the rate of exchange between the Specified Currency and the Indexed Currency for such Currency Indexed Note) and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. Such risks generally depend on economic, financial, political and military events over which the Company has no control. To the extent the rate is not fixed by sovereign governments, the exchange rate between the U.S. dollar and foreign currencies or currency units is at any moment a result of the supply of and demand for such currencies or currency units, and changes in the rate result over time from the interaction of many factors, among which are rates of inflation, interest rate levels, balances of payments and the extent of governmental surpluses or deficits in the countries of the relevant currencies. These factors are in turn sensitive to the monetary, fiscal and trade policies pursued by such governments and those of other countries important to international trade and finance. In recent years, rates of exchange between the U.S. dollar and certain foreign currencies have been highly volatile and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any Multi-Currency Note or Currency Indexed Note. Depreciation of the Specified Currency applicable to a Multi-Currency Note against the U.S. dollar would result in a decrease in the U.S. dollar-equivalent yield of such Note, in the U.S. dollar-equivalent value of the principal repayable at maturity of such Note and, generally, in the U.S. dollar-equivalent market value of such Note. Similarly, depreciation of the Specified Currency with respect to a Currency Indexed Note against the applicable Indexed Currency would result in the principal amount payable with respect to such Currency Indexed Note at the Maturity Date (as defined below under "Description of Notes -- General") thereof being less than the Face Amount (as defined below under "Special Provisions Relating to Multi-Currency Notes -- General") of such Currency Indexed Note and in the interest payable, if any, with respect to such Note reflecting an interest rate less than the Base Interest Rate (as defined below under "Special Provisions Relating to Multi-Currency Notes -- General") of such Note, which, in turn, would decrease the effective yield of such Currency Indexed Note below its stated interest rate and could also result in a loss to the investor. See "Description of Notes -- Currency Indexed Notes."

Foreign exchange rates can either be fixed by sovereign governments or float. Exchange rates of most economically developed nations are permitted to fluctuate in value relative to the U.S. dollar. National governments, however, rarely voluntarily allow their currencies to float freely in response to economic forces. Sovereign governments in fact use a variety of techniques, such as intervention by a country's central bank or imposition of regulatory controls or taxes, to affect the exchange rate of their

currencies. Exchange rates of certain governments may from time to time be fixed by the central bank or other agencies at a rate above or below that which might exist if the exchange rate were allowed to float in response to changes in supply and demand. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Thus, a special risk in purchasing Notes that are denominated in or indexed to a foreign currency or currency unit is that their U.S. dollar equivalent yields could be affected by governmental actions which could change or interfere with theretofore freely determined currency valuation, fluctuations in response to other market forces and the movement of currencies across borders. There will be no adjustment or change in the terms of the Multi-Currency Notes or Currency Indexed Notes in the event that exchange rates should become fixed, or in the event of any devaluation or revaluation or imposition of exchange or other regulatory controls or taxes, or in the event of other developments, affecting the U.S. dollar or any applicable currency or currency unit.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS ENTAILED BY AN INVESTMENT IN MULTI-CURRENCY NOTES OR CURRENCY INDEXED NOTES. SUCH NOTES ARE NOT AN APPROPRIATE INVESTMENT FOR INVESTORS WHO ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS.

Unless otherwise indicated in the applicable Pricing Supplement, Notes denominated in a Specified Currency other than the U.S. dollar or the ECU (as defined below under "Description of Notes -- General") will not be sold in, or to residents of, the country of the Specified Currency in which such Notes are denominated. The information set forth in the Prospectus, this Prospectus Supplement and the applicable Pricing Supplement is directed to prospective purchasers who are United States residents and the Company disclaims any responsibility to advise prospective purchasers who are residents of countries other than the United States with respect to any matters that may affect the purchase, holding or receipt of payments of principal of and interest on Notes. Such persons should consult their own legal advisors with regard to such matters.

#### GOVERNING LAW AND JUDGMENTS

Notes will be governed by and construed in accordance with the laws of the State of New York. Courts in the United States have not customarily rendered judgments for money damages denominated in any currency other than the U.S. dollar. The Judiciary Law of the State of New York provides, however, that a judgment or decree in an action based upon an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation and converted into U.S. dollars at the rate of exchange prevailing on the date of the entry of the judgment or decree.

#### EXCHANGE CONTROLS, ETC.

Governments have imposed from time to time exchange controls and may in the future impose or revise exchange controls at or prior to a Note's maturity. Even if there were no exchange controls, it is possible that the Specified Currency for any particular Multi-Currency Note would not be available at an Interest Payment Date or at such Note's maturity. In that event, the Company will repay in U.S. dollars on the basis of the Exchange Rate (as defined below under "Special Provisions Relating to Multi-Currency Notes -- Payment Currency") on the second day prior to such payment, or if such Exchange Rate is not then available, on the basis of the most recently available Exchange Rate. See "Special Provisions Relating to Multi-Currency Notes -- Payment Currency." No adjustment or change in the terms of the Multi-Currency Notes or Currency Indexed Notes in the event of any controls or unavailability will be made.

A Pricing Supplement with respect to the applicable Specified Currency (which includes information with respect to applicable current foreign exchange controls, if any) is a part of the Prospectus and this Prospectus Supplement. The Pricing Supplement relating to each Multi-Currency

Note or Currency Indexed Note will contain information concerning relevant historical exchange rates for the applicable Specified Currency and/or Indexed Currency, as the case may be, a description of such currency or currencies and any exchange controls affecting such currency or currencies. The information concerning exchange rates and exchange rate controls, if any, is furnished as a matter of information only and should not be regarded as indicative of the range of or trends in fluctuations in currency exchange rates or an imposition of exchange rate controls that may occur in the future. The Company disclaims any responsibility to advise prospective purchasers of changes in such exchange rates or exchange controls after the date of any such Pricing Supplement.

#### RISKS OF INDEXED NOTES

AN INVESTMENT IN CURRENCY INDEXED NOTES AND COMMODITY INDEXED NOTES (COLLECTIVELY, "INDEXED NOTES") INDEXED, AS TO PRINCIPAL OR INTEREST OR BOTH, TO ONE OR MORE VALUES OF CURRENCIES (INCLUDING EXCHANGE RATES BETWEEN CURRENCIES), COMMODITIES OR INTEREST RATE OR OTHER INDICES (COLLECTIVELY, "INDICES" OR "INDEX") ENTAILS SIGNIFICANT RISKS THAT ARE NOT ASSOCIATED WITH SIMILAR INVESTMENTS IN A CONVENTIONAL FIXED-RATE DEBT SECURITY. IF THE INTEREST RATE OF SUCH AN INDEXED NOTE IS SO INDEXED, IT MAY RESULT IN AN INTEREST RATE THAT IS LESS THAN THAT PAYABLE ON A CONVENTIONAL FIXED-RATE DEBT SECURITY ISSUED AT THE SAME TIME, INCLUDING THE POSSIBILITY THAT NO INTEREST WILL BE PAID, AND, IF THE PRINCIPAL AMOUNT OF SUCH AN INDEXED NOTE IS SO INDEXED, THE PRINCIPAL AMOUNT PAYABLE AT MATURITY MAY BE LESS THAN THE ORIGINAL PURCHASE PRICE OF SUCH INDEXED NOTE IF ALLOWED PURSUANT TO THE TERMS OF SUCH INDEXED NOTE, INCLUDING THE POSSIBILITY THAT NO PRINCIPAL WILL BE PAID. THE SECONDARY MARKET FOR SUCH INDEXED NOTES WILL BE AFFECTED BY A NUMBER OF FACTORS, INDEPENDENT OF THE CREDITWORTHINESS OF THE COMPANY AND THE VALUE OF THE APPLICABLE CURRENCY, COMMODITY OR INDEX, INCLUDING THE VOLATILITY OF THE APPLICABLE CURRENCY, COMMODITY OR INDEX, THE TIME REMAINING TO THE MATURITY OF SUCH INDEXED NOTES, THE AMOUNT OUTSTANDING OF SUCH INDEXED NOTES AND MARKET INTEREST RATES. THE VALUE OF THE APPLICABLE CURRENCY, COMMODITY OR INDEX DEPENDS ON A NUMBER OF INTER-RELATED FACTORS, INCLUDING ECONOMIC, FINANCIAL AND POLITICAL EVENTS, OVER WHICH THE COMPANY HAS NO CONTROL. ADDITIONALLY, IF THE FORMULA USED TO DETERMINE THE PRINCIPAL AMOUNT OR INTEREST PAYABLE WITH RESPECT TO SUCH INDEXED NOTES CONTAINS A MULTIPLE OR LEVERAGE FACTOR, THE EFFECT OF ANY CHANGE IN THE APPLICABLE CURRENCY, COMMODITY OR INDEX WILL BE INCREASED.

THE HISTORICAL EXPERIENCE OF THE RELEVANT CURRENCIES, COMMODITIES OR INDICES SHOULD NOT BE TAKEN AS AN INDICATION OF FUTURE PERFORMANCE OF SUCH CURRENCIES, COMMODITIES OR INDICES DURING THE TERM OF ANY INDEXED NOTE. THE CREDIT RATINGS ASSIGNED TO THE COMPANY'S MEDIUM-TERM NOTE PROGRAM ARE A REFLECTION OF THE COMPANY'S CREDIT STATUS, AND, IN NO WAY, ARE A REFLECTION OF THE POTENTIAL IMPACT OF THE FACTORS DISCUSSED ABOVE, OR ANY OTHER FACTORS, ON THE MARKET VALUE OF INDEXED NOTES. ACCORDINGLY, PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS ENTAILED BY AN INVESTMENT IN SUCH INDEXED NOTES AND THE SUITABILITY OF SUCH INDEXED NOTES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

#### DESCRIPTION OF NOTES

The following description of the particular terms of the Notes offered hereby supplements the description of the general terms of the Securities (as such term is used in the accompanying

Prospectus) under the heading "Description of Securities" in the accompanying Prospectus, to which description reference is hereby made. Capitalized terms not defined herein or in the Prospectus have the meanings specified in the Indenture and/or the Notes.

#### GENERAL

The Notes constitute a single series for purposes of the Indenture and are limited to an aggregate principal amount of \$300,000,000 or its equivalent at the time of issuance in foreign currencies or currency units. The foregoing limit may be increased by the Company if in the future it determines that it may wish to sell additional Notes. The Company may from time to time sell additional series of Securities, including additional series of medium-term notes. The aggregate principal amount of unsecured, unsubordinated indebtedness of the Company and its consolidated subsidiaries at June 30, 1997, was \$2,525,207,000.

The Notes will be offered on a continuous basis, and each Note will mature (the "Maturity Date") on a Business Day from nine months to thirty years from its date of issuance, as selected by the initial purchaser and agreed to by the Company. Each Note will be denominated in United States dollars ("\$, "dollars" or "U.S. dollars") or the Specified Currency, as specified in the applicable Pricing Supplement. Each Note may bear interest at either (i) a fixed rate (which may be zero if issued at a price representing a discount from the principal amount payable at maturity) or (ii) a floating rate determined by reference to the Commercial Paper Rate, LIBOR, the Treasury Rate or such other interest rate or formula (the "Base Rate") specified in the applicable Pricing Supplement, which may be adjusted by a Spread and/or a Spread Multiplier (each as defined below). Each Floating Rate Note will mature on an Interest Payment Date (as defined below) for such Note.

The Notes may be issued as Currency Indexed Notes, the principal amount of which payable at maturity or upon earlier redemption or repayment, and/or the interest payable on each Interest Payment Date and at the Maturity Date, will be determined by the difference in the rate of exchange between the Specified Currency and another currency or currency unit set forth in the applicable Pricing Supplement on certain specified dates, or as Commodity Indexed Notes, the principal amount of which payable at maturity or upon earlier redemption or repayment, and/or the interest payable on each Interest Payment Date and at the Maturity Date, will be determined by the difference in the price of a specified commodity on certain specified dates. See "Currency Indexed Notes" and "Commodity Indexed Notes" below.

Each Note will be issued initially as either a Book-Entry Note or a Certificated Note in fully registered form without coupons. Except as set forth under "Book-Entry System" below, Book-Entry Notes will not be issuable in certificated form.

The Notes will be issued in denominations of \$100,000 and any larger amount that is an integral multiple of \$1,000 for Notes denominated in U.S. dollars, except as otherwise specified in the applicable Pricing Supplement, and for Notes denominated in foreign currencies or currency units, the denominations described below under "Special Provisions Relating to Multi-Currency Notes." The Notes will constitute unsecured, unsubordinated indebtedness of the Company and will rank pari passu with all other unsecured, unsubordinated indebtedness of the Company.

The Notes will not be subject to any sinking fund and will not be redeemable at the option of the Company or repayable at the option of the holders thereof prior to their stated maturity, except as may otherwise be provided in the applicable Pricing Supplement. The Company may discharge its indebtedness and its obligations or certain of its obligations under the Indenture with respect to the Notes as described under "Description of Securities -- Defeasance of the Indenture and Securities" in the accompanying Prospectus.

The Pricing Supplement relating to a Note will describe the following terms as applicable: (1) the Specified Currency of such Note; (2) if other than 100%, the price (expressed as a percentage of the aggregate principal amount thereof) at which such Note will be issued; (3) the date on which such

Note will be issued; (4) the Maturity Date; (5) whether such Note may be redeemed or repaid prior to maturity, and if so, the provisions relating to such redemption or repayment; (6) whether such Note is a Fixed Rate Note or a Floating Rate Note; (7) if such Note is a Fixed Rate Note, the rate per annum at which such Note will bear interest; (8) if such Note is a Floating Rate Note, the Base Rate, the Initial Interest Rate, the Interest Payment Dates, the Reset Period, the Index Maturity, the Maximum Interest Rate and the Minimum Interest Rate, if any, and the Spread or Spread Multiplier, if any (all as defined herein), and any other terms relating to the particular method of calculating the interest rate or rates for such Note; (9) whether such Note is a Currency Indexed Note or a Commodity Indexed Note; (10) if such Note is a Currency Indexed Note, the Specified Currency, the Indexed Currency, the Face Amount, the Base Exchange Rate, the Base Interest Rate, if any, the Determination Agent and the Reference Dealers (all as defined herein) relating to such Currency Indexed Note and certain other information relating to Currency Indexed Notes; (11) if such Note is a Commodity Indexed Note, the methods for determining the principal amount payable at maturity and/or the interest, if any, payable on each Interest Payment Date and at maturity and other information relating to Commodity Indexed Notes; (12) whether such Note will be issued initially as a Book-Entry Note or a Certificated Note; and (13) any other terms of such Note not inconsistent with the provisions of the Indenture.

Notes may be issued in the form of Discount Notes (as defined below under "U.S. Federal Income Tax Considerations -- U.S. Holders -- Original Issue Discount"), including certain Notes offered at a discount from the principal amount thereof due at the stated maturity of such Notes. There may or may not be any periodic payments of interest on Discount Notes. In the event of an acceleration of the maturity of any Discount Note, the amount payable to the holder of such Discount Note upon such acceleration will be determined in accordance with the applicable Pricing Supplement and the terms of such security, but may be an amount less than the amount payable at the maturity of the principal of such Discount Note. For federal income tax considerations with respect to Discount Notes, see "U.S. Federal Income Tax Considerations -- U.S. Holders -- Original Issue Discount" herein.

The Notes may be presented for registration of transfer or exchange at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York.

References to the "Securities" in the Prospectus include the Notes. For a further description of the Trustee and the rights attaching to different series of Securities under the Indenture, including the covenants, modification provisions and events of default relating to the Notes, see "Description of Securities" in the Prospectus. Unless otherwise specified in the applicable Pricing Supplement, each Note will have the terms described herein.

"Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York or (i) with respect to Notes denominated in a Specified Currency other than U.S. dollars, the principal financial center of the country of the Specified Currency as specified in the applicable Pricing Supplement, (ii) with respect to Notes denominated in European Currency Units ("ECUs"), Brussels, Belgium or (iii) with respect to LIBOR Notes, London, England. "London Banking Day" means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

#### PAYMENT OF PRINCIPAL AND INTEREST

Payments of principal of and interest, if any, on all Notes will be made in the applicable Specified Currency, provided that holders of certain Notes denominated in a Specified Currency other than U.S. dollars may elect to have such payments converted to U.S. dollars. See "Special Provisions Relating to Multi-Currency Notes -- Payment of Principal and Interest." Unless otherwise specified in the applicable Pricing Supplement, interest on Certificated Notes (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be paid by mailing a check (from an account at a bank outside of the United States if such check is payable in a Specified Currency other than U.S. dollars) to the holders at the address of each holder appearing on the register for the Notes

on the applicable Record Date (as defined below). At the option of the Company or the holder of Certificated Notes in an aggregate principal amount exceeding \$5.0 million or the equivalent thereof in a Specified Currency, interest on Certificated Notes (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be paid by wire transfer to an account maintained by such holder with a bank located in the United States for payments in U.S. dollars or the country of the Specified Currency for other payments (which shall be Belgium in the case of ECUs), provided that any such holder selecting such option shall have designated such account by written notice to the Trustee no later than the Record Date preceding the applicable Interest Payment Date. In the case of a Note issued between a Record Date and the initial Interest Payment Date relating to such Record Date, interest for the period ending on such initial Interest Payment Date shall be paid to the person to whom such Note shall have been originally issued. Payments of principal and interest on Certificated Notes will be made, if at maturity or upon earlier redemption, then on the Maturity Date or the date fixed for redemption, as applicable, upon surrender of the Certificated Notes at the Corporate Trust Office of the Trustee in The City of New York, and if upon repayment prior to maturity, then on the applicable date for repayment (the "Repayment Date"), provided that the holder shall have complied with the requirements for repayment set forth herein and in the Certificated Notes. See "Repayment" below. All such payments at maturity or upon any earlier redemption or repayment shall be made in immediately available funds, provided that the Certificated Notes to be paid are presented to the Corporate Trust Office of the Trustee in The City of New York in time for the Trustee to make such payments in such funds in accordance with its normal procedures. Any such payments made in a Specified Currency other than U.S. dollars shall be made by wire transfer to an account maintained by the holder, as designated by the holder by written notice to the Trustee at least 15 calendar days prior to the date fixed for payment, with a bank located in the country of the Specified Currency (which shall be Belgium in the case of ECUs). Beneficial owners of Book-Entry Notes will be paid in accordance with the Depository's and its participants' procedures in effect from time to time as described under "Book-Entry System" below.

Any payment of interest or principal with respect to a Fixed Rate Note required to be made on an Interest Payment Date, at the Maturity Date, on a date fixed for redemption or on a Repayment Date, and any payment of interest or principal with respect to a Floating Rate Note required to be made at the Maturity Date, on a date fixed for redemption or on a Repayment Date, which is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, at the Maturity Date, on the date fixed for redemption or on the Repayment Date, as the case may be, and no additional interest shall accrue as a result of such delayed payment. The Company will pay any administrative costs imposed by banks in connection with making payments by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the holders of the Notes in respect of which payments are made.

#### INTEREST RATES

Interest rates, Base Rates, Spreads and Spread Multipliers are subject to change by the Company from time to time, but no such change will affect any Note theretofore issued or which the Company has agreed to sell. Unless otherwise indicated in the applicable Pricing Supplement, the Interest Payment Dates and the Record Dates for each Fixed Rate Note shall be as described below under "Fixed Rate Notes." The Interest Payment Dates for each Floating Rate Note shall be as indicated in the applicable Pricing Supplement, and unless otherwise specified in the applicable Pricing Supplement, the Record Dates for a Floating Rate Note will be the fifteenth day (whether or not a Business Day) next preceding each Interest Payment Date.

#### FIXED RATE NOTES

Each Fixed Rate Note will bear interest from its date of issue at the annual rate stated on the face thereof and in the applicable Pricing Supplement until the principal amount thereof is paid on the

Maturity Date, or upon earlier redemption or repayment, if applicable. Unless otherwise indicated in the applicable Pricing Supplement (and except as provided above in "Payment of Principal and Interest"), the Interest Payment Dates for Fixed Rate Notes will be June 15 and December 15 of each year, and the Record Dates will be June 1 and December 1 of each year. Interest on Fixed Rate Notes will be computed and paid on the basis of a 360-day year of twelve 30-day months.

#### FLOATING RATE NOTES

Each Floating Rate Note will bear interest from its date of issue to the first Interest Reset Date (as defined below) for such Note at the Initial Interest Rate (the "Initial Interest Rate") set forth on the face thereof and in the applicable Pricing Supplement. Thereafter, the interest rate on each Floating Rate Note for each Reset Period (as defined below) will be equal to the interest rate calculated by reference to the Base Rate specified on the face thereof and in the applicable Pricing Supplement plus or minus a fixed percentage per annum (the "Spread"), if any, or times a fixed factor (the "Spread Multiplier"), if any, in each case as specified in the applicable Pricing Supplement, until the principal thereof is paid on the Maturity Date, or upon earlier redemption or repayment, if applicable. The Base Rate for a Floating Rate Note will be (a) the Commercial Paper Rate, in which case such Note shall be a "Commercial Paper Rate Note," (b) LIBOR, in which case such Note shall be a "LIBOR Note," (c) the Treasury Rate, in which case such Note shall be a "Treasury Rate Note" or (d) such other Base Rate, in each case as is specified on the face of the Floating Rate Note and in the applicable Pricing Supplement.

The Company will appoint, and enter into an agreement with, an agent (a "Calculation Agent") to calculate interest rates on Floating Rate Notes. Unless otherwise provided in a Pricing Supplement, the Calculation Agent for each Floating Rate Note will be the Trustee.

The rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually or annually (such type of period being the "Reset Period" for such Note, and the first day of each Reset Period being an "Interest Reset Date"), as specified on the face thereof and in the applicable Pricing Supplement. Unless otherwise specified in the applicable Pricing Supplement, the Interest Reset Dates will be: in the case of Floating Rate Notes that reset daily, each Business Day; in the case of Floating Rate Notes (other than Treasury Rate Notes) that reset weekly, Wednesday of each week; in the case of Treasury Rate Notes that reset weekly, Tuesday of each week; in the case of Floating Rate Notes that reset monthly, the third Wednesday of each month; in the case of Floating Rate Notes that reset quarterly, the third Wednesday of each March, June, September and December; in the case of Floating Rate Notes that reset semiannually, the third Wednesday of each of two months of each year specified on the face thereof and in the applicable Pricing Supplement; and, in the case of Floating Rate Notes that reset annually, the third Wednesday of one month of each year specified on the face thereof and in the applicable Pricing Supplement. If an Interest Reset Date for a Floating Rate Note would otherwise be a day that is not a Business Day, the Interest Reset Date for such Floating Rate Note shall be postponed to the next day that is a Business Day, except that, in the case of a LIBOR Note, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

The interest rate for each Reset Period will be the rate determined by the Calculation Agent by reference to an interest determination date pertaining to such Reset Period. The interest determination date pertaining to a Reset Period for a Commercial Paper Rate Note (the "Commercial Paper Interest Determination Date") will be the Business Day prior to the Interest Reset Date that commences such Reset Period. The interest determination date pertaining to a Reset Period for a LIBOR Note (the "LIBOR Interest Determination Date") will be the second London Banking Day prior to the Interest Reset Date that commences such Reset Period. The interest determination date pertaining to a Reset Period for a Treasury Rate Note (the "Treasury Interest Determination Date") will be the day of the week in which the Interest Reset Date that commences such Reset Period falls on which Treasury bills would normally be auctioned. Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on

the following Tuesday, except that such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, such Friday will be the Treasury Interest Determination Date pertaining to the Reset Period commencing in the next succeeding week. If an auction date shall fall on any Interest Reset Date for a Treasury Rate Note, then such Interest Reset Date shall instead be the first Business Day immediately following such auction date.

Except as provided below, interest on Floating Rate Notes will be payable, in the case of Floating Rate Notes that reset daily, weekly or monthly, on the third Wednesday of each month as specified on the face thereof and in the applicable Pricing Supplement; in the case of Floating Rate Notes that reset quarterly, on the third Wednesday of March, June, September and December of each year; in the case of Floating Rate Notes that reset semiannually, on the third Wednesday of each of two months of each year specified on the face thereof and in the applicable Pricing Supplement; and, in the case of Floating Rate Notes that reset annually, on the third Wednesday of one month of each year specified on the face thereof and in the applicable Pricing Supplement (each such day being an "Interest Payment Date"). If an Interest Payment Date with respect to a Floating Rate Note would otherwise fall on a day that is not a Business Day, such Interest Payment Date will be the following day that is a Business Day, except that, in the case of a LIBOR Note, if such Business Day falls in the next calendar month, such Interest Payment Date will be the immediately preceding Business Day.

Unless otherwise indicated in the applicable Pricing Supplement, each payment of interest on a Floating Rate Note will include interest accrued to but excluding the applicable Interest Payment Date. Accrued interest from the date of issue or from the last date to which interest has been paid is calculated by multiplying the face amount of a Note by an accrued interest factor. This accrued interest factor is computed by adding the interest factors calculated for each day from the date of issue, or from the last date to which interest has been paid, to the date for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point (e.g., 9.876541%, or .09876541, being rounded to 9.87655%, or .0987655, respectively)) for each such day is computed by dividing the interest rate (expressed as a decimal rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) applicable to such date by 360, in the case of Commercial Paper Rate Notes and LIBOR Notes, or by the actual number of days in the year, in the case of Treasury Rate Notes.

The Calculation Agent will, upon the request of the holder of any Floating Rate Note, provide the interest rate then in effect and, if determined, the interest rate that will become effective on the next Interest Reset Date with respect to such Note.

Any Floating Rate Note may also have either or both of the following: (i) a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any Reset Period (a "Maximum Interest Rate") and (ii) a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any Reset Period (a "Minimum Interest Rate"). The interest rate on the Notes will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest, with certain exceptions, for any loan in an amount less than \$250,000 is 16% per annum on a simple interest basis and for any loan in an amount equal to or greater than \$250,000 but less than \$2,500,000 is 25% per annum on a simple interest basis. These limits do not apply to Notes in which \$2,500,000 or more has been invested.

"Index Maturity" is the particular maturity of the type of instrument or obligation from which a Base Rate is calculated.

#### Commercial Paper Rate Notes

Each Commercial Paper Rate Note will bear interest for each Reset Period at the interest rate (calculated with reference to the Commercial Paper Rate on the Commercial Paper Interest Determination Date for such Reset Period and the Spread or Spread Multiplier, if any) specified in such Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Commercial Paper Rate" means, with respect to any Commercial Paper Interest Determination Date, the Money Market Yield (calculated as described below) of the rate on that date for commercial paper having the Index Maturity designated in the applicable Pricing Supplement placed on behalf of industrial issuers whose corporate bonds are rated "AA," or the equivalent, from a nationally recognized securities rating agency as such rate is made available by the Federal Reserve Bank of New York for such date. In the event that such rate is not made available by the Federal Reserve Bank of New York by 3:00 p.m., New York City time, on such Commercial Paper Interest Determination Date, then the Commercial Paper Rate for such Commercial Paper Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean (each as rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) of the offered rates for such commercial paper quoted as of 11:00 a.m., New York City time, on such Commercial Paper Interest Determination Date by three leading dealers of commercial paper in The City of New York selected, after consultation with the Company, by the Calculation Agent; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate with respect to such Commercial Paper Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} \times 100$$

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

#### LIBOR Notes

Each LIBOR Note will bear interest for each Reset Period at the interest rate (calculated with reference to LIBOR on the LIBOR Interest Determination Date for such Reset Period and the Spread or Spread Multiplier, if any) specified in such Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, LIBOR will be determined by the Calculation Agent in accordance with the following provisions:

(i) On each LIBOR Interest Determination Date, LIBOR will be, as specified in the applicable Pricing Supplement, either: (a) the arithmetic mean of the offered rates for deposits having the Index Maturity designated in the applicable Pricing Supplement, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, that appear on the Reuters Screen LIBO Page as of 11:00 a.m., London time, on such LIBOR Interest Determination Date, if at least two such offered rates appear on the Reuters Screen LIBO Page ("LIBOR Reuters"), or (b) the rate for deposits having the Index Maturity designated in the applicable Pricing Supplement, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, that appears on Telerate Page 3750 as of 11:00 a.m., London time, on such LIBOR Interest Determination Date ("LIBOR Telerate"). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rates Service (or such other page as may replace page LIBO on that service for the purpose of displaying London interbank offered rates of major banks). "Telerate Page 3750" means the display designated as page "3750" on the Telerate Service (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for deposits). If neither LIBOR Reuters nor LIBOR Telerate is specified in the applicable Pricing Supplement, LIBOR will be determined as if LIBOR Telerate had been specified. If at least two

such offered rates appear on the Reuters Screen LIBO Page, the rate in respect of such LIBOR Interest Determination Date will be the arithmetic mean of such offered rates as determined by the Calculation Agent. If fewer than two offered rates appear on the Reuters Screen LIBO Page, or if no rate appears on Telerate Page 3750, as applicable, LIBOR in respect of such LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (ii) below.

(ii) On any LIBOR Interest Determination Date on which fewer than two offered rates appear on the Reuters Screen LIBO Page, as specified in (i)(a) above, or on which no rate appears on Telerate Page 3750, as specified in (i)(b) above, as applicable, LIBOR will be determined on the basis of the rates at which deposits having the Index Maturity designated in the applicable Pricing Supplement are offered at approximately 11:00 a.m., London time, on such LIBOR Interest Determination Date by four major banks in the London interbank market (the "Reference Banks") selected, after consultation with the Company, by the Calculation Agent to prime banks in the London interbank market having the Index Maturity designated in the applicable Pricing Supplement, commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of such LIBOR Interest Determination Date will be the arithmetic mean (rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) of such quotations. If fewer than two quotations are provided, LIBOR in respect of such LIBOR Interest Determination Date will be the arithmetic mean (rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) of the rates quoted at approximately 11:00 a.m., New York City time, on such LIBOR Interest Determination Date by three major banks in The City of New York selected, after consultation with the Company, by the Calculation Agent for loans in U.S. dollars to leading European banks having the Index Maturity designated in the applicable Pricing Supplement, commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks in The City of New York selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR with respect to such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

#### Treasury Rate Notes

Each Treasury Rate Note will bear interest for each Reset Period at the interest rate (calculated with reference to the Treasury Rate on the Treasury Interest Determination Date for such Reset Period and the Spread or Spread Multiplier, if any) specified in such Note and in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, "Treasury Rate" means, with respect to any Treasury Interest Determination Date, the auction average rate (expressed as a bond equivalent, rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity designated in the applicable Pricing Supplement, as made available by the U.S. Department of the Treasury. In the event that the results of the auction of Treasury bills having the Index Maturity designated in the applicable Pricing Supplement are not made available as provided above by 3:00 p.m., New York City time, on such Treasury Interest Determination Date or no such auction is held in a particular week (or on the preceding Friday, if applicable), then the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent, rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point, on the basis of a

year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of 3:30 p.m., New York City time, on such Treasury Interest Determination Date, of three leading primary U.S. government securities dealers selected, after consultation with the Company, by the Calculation Agent for the issue of Treasury bills with a remaining maturity closest to the Index Maturity designated in the applicable Pricing Supplement; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate with respect to such Treasury Interest Determination Date will be the Treasury Rate in effect on such Treasury Interest Determination Date.

#### CURRENCY INDEXED NOTES

##### General.

The Company may from time to time offer Notes ("Currency Indexed Notes"), the principal amount of which payable at the Maturity Date, and/or the interest payable on each Interest Payment Date and at the Maturity Date, is determined by the difference in the rate of exchange between the Specified Currency and the other currency or currency unit specified as the Indexed Currency (the "Indexed Currency") in the applicable Pricing Supplement on certain specified dates. Unless otherwise specified in the applicable Pricing Supplement, holders of Currency Indexed Notes (i) will be entitled to receive a principal amount in respect of such Currency Indexed Notes exceeding the amount designated as the face amount in respect of such Currency Indexed Notes in the applicable Pricing Supplement (the "Face Amount") if, at the Maturity Date, the rate at which the Specified Currency can be exchanged for the Indexed Currency is greater than the rate of such exchange designated as the Base Exchange Rate, expressed in units of the Indexed Currency per one unit of the Specified Currency, in the applicable Pricing Supplement (the "Base Exchange Rate"), and will be entitled to receive a principal amount in respect of such Currency Indexed Notes less than the Face Amount of such Currency Indexed Notes, if, at the Maturity Date, the rate at which the Specified Currency can be exchanged for the Indexed Currency is less than such Base Exchange Rate and/or (ii) will be entitled to receive an amount of interest on each Interest Payment Date and/or at the Maturity Date at an interest rate greater than the base interest rate of such Currency Indexed Note as designated in the applicable Pricing Supplement (the "Base Interest Rate") if, on such Interest Payment Date and/or at the Maturity Date, as the case may be, the rate at which the Specified Currency can be exchanged into the Indexed Currency is greater than the Base Exchange Rate, and will be entitled to receive an amount of interest on each Interest Payment Date and/or at the Maturity Date at an interest rate less than the Base Interest Rate if, on such Interest Payment Date and/or at the Maturity Date, as the case may be, the rate at which the Specified Currency can be exchanged into the Indexed Currency is less than the Base Exchange Rate, in each case determined as described below under "Payment of Principal and Interest." Information as to the relative historical value of the applicable Specified Currency against the applicable Indexed Currency, any exchange controls applicable to such Specified Currency or Indexed Currency and the tax consequences to holders will be set forth in the applicable Pricing Supplement. See "Risk Factors."

Unless otherwise specified in the applicable Pricing Supplement, the term "Exchange Rate Day" shall mean any day which is a Business Day in The City of New York and, (i) if the Specified Currency or Indexed Currency is any currency or currency unit other than the U.S. dollar or the ECU, a Business Day in the principal financial center of the country of such Specified Currency or Indexed Currency, or (ii) in the case of an ECU, a day which is not a non-ECU clearing day as determined by the ECU Banking Association in Paris.

##### Payment of Principal and Interest.

Unless otherwise specified in the applicable Pricing Supplement, principal of a Currency Indexed Note will be payable by the Company in the Specified Currency at the Maturity Date in an amount equal to the Face Amount of the Currency Indexed Note, plus or minus an amount determined by the determination agent specified in the applicable Pricing Supplement (the "Determination Agent") by

reference to the difference between the Base Exchange Rate and the rate at which the Specified Currency can be exchanged for the Indexed Currency as determined on the second Exchange Rate Day (the "Determination Date") prior to the Maturity Date of such Currency Indexed Note by the Determination Agent based upon the arithmetic mean of the open market spot offer quotations for the Indexed Currency obtained by the Determination Agent from the Reference Dealers (as defined below) in The City of New York at 11:00 a.m., New York City time, on the Determination Date, for an amount of Indexed Currency equal to the Face Amount of such Currency Indexed Note multiplied by the Base Exchange Rate, for settlement on the Maturity Date (such rate of exchange, as so determined and expressed in units of the Indexed Currency per one unit of the Specified Currency, is hereafter referred to as the "Spot Rate"). If such quotations from the Reference Dealers are not available on the Determination Date due to circumstances beyond the control of the Company or the Determination Agent, the Spot Rate will be determined on the basis of the most recently available quotations from the Reference Dealers. The principal amount of the Currency Indexed Notes determined by the Determination Agent to be payable at the Maturity Date will be payable to the holders thereof in the manner set forth herein and in the applicable Pricing Supplement. As used herein, the term "Reference Dealers" shall mean the three banks or firms specified as such in the applicable Pricing Supplement or, if any of them shall be unwilling or unable to provide the requested quotations, such other major money center bank or banks in The City of New York selected by the Company, in consultation with the Determination Agent, to act as Reference Dealer or Reference Dealers in replacement therefor. In the absence of manifest error, the determination by the Determination Agent of the Spot Rate and the principal amount of Currency Indexed Notes payable at the Maturity Date thereof shall be final and binding on the Company and the holders of such Currency Indexed Notes.

Unless otherwise specified in the applicable Pricing Supplement, on the basis of the aforesaid determination by the Determination Agent and the formulae and limitations set forth below, (i) if the Base Exchange Rate equals the Spot Rate for any Currency Indexed Note, then the principal amount of such Currency Indexed Note Payable at the Maturity Date will be equal to the Face Amount of such Currency Indexed Note; (ii) if the Spot Rate exceeds the Base Exchange Rate (i.e., the Specified Currency has appreciated against the Indexed Currency during the term of the Currency Indexed Note), then the principal amount so payable will be greater than the Face Amount of such Currency Indexed Note up to an amount equal to twice the Face Amount of such Currency Indexed Note; (iii) if the Spot Rate is less than the Base Exchange Rate (i.e., the Specified Currency has depreciated against the Indexed Currency during the term of the Currency Indexed Note) but is greater than one-half of the Base Exchange Rate, then the principal amount so payable will be less than the Face Amount of such Currency Indexed Note; and (iv) if the Spot Rate is less than or equal to one-half of the Base Exchange Rate, then the Spot Rate will be deemed to be one-half of the Base Exchange Rate and no principal amount of the Currency Indexed Note will be payable at the Maturity Date.

Unless otherwise specified in the applicable Pricing Supplement, the formulae to be used by the Determination Agent to determine the principal amount of a Currency Indexed Note payable at the Maturity Date will be as follows:

If the Spot Rate exceeds or equals the Base Exchange Rate, the principal amount of a Currency Indexed Note payable at the Maturity Date shall equal:

$$\text{Face Amount} + \left( \text{Face Amount} \times \frac{\text{Spot Rate} - \text{Base Exchange Rate}}{\text{Spot Rate}} \right).$$

If the Base Exchange Rate exceeds the Spot Rate, the principal amount of a Currency Indexed Note payable at the Maturity Date (which shall, in no event, be less than zero) shall equal:

$$\text{Face Amount} - \left( \text{Face Amount} \times \frac{\text{Base Exchange Rate} - \text{Spot Rate}}{\text{Spot Rate}} \right).$$

If the formulae set forth above are applicable to a Currency Indexed Note, the maximum principal amount payable at the Maturity Date in respect of such a Currency Indexed Note would be an amount equal to twice the Face Amount and the minimum principal amount payable would be zero.

Unless otherwise specified in the applicable Pricing Supplement, interest will be payable by the Company in the Specified Currency based on the Face Amount of the Currency Indexed Notes, and such interest will be payable at the rate and times and in the manner set forth herein and in the applicable Pricing Supplement. In the event that the applicable Pricing Supplement specifies that interest on the Currency Indexed Notes will be determined by reference to the Indexed Currency and unless otherwise specified in such Pricing Supplement, interest will be payable by the Company in the Specified Currency on each Interest Payment Date and at the Maturity Date at a rate per annum equal to the Base Interest Rate specified in the applicable Pricing Supplement multiplied by an Interest Index Factor. The "Interest Index Factor" shall be an amount determined by the Determination Agent by reference to the following formula:

$$\frac{\text{Interest Spot Rate}}{\text{Base Exchange Rate}}$$

where, "Interest Spot Rate" is (i) if at an Interest Payment Date, the rate at which the Specified Currency can be exchanged for the Indexed Currency as determined on the second Exchange Rate Day prior to such Interest Payment Date (the "Interest Determination Date") by the Determination Agent in the manner specified in the applicable Pricing Supplement, on such Interest Determination Date, or (ii) if at the Maturity Date, the Spot Rate. The amount of interest determined by the Determination Agent to be payable on any Interest Payment Date and at the Maturity Date in respect of the Currency Indexed Notes will be payable to the holders thereof in the manner set forth herein and in the applicable Pricing Supplement. In the absence of manifest error, the determination by the Determination Agent of the Interest Index Factor, the Interest Spot Rate on each Interest Payment Date, the interest payments payable and the Spot Rate at the Maturity Date on the Currency Indexed Notes shall be final and binding on the Company and the holders of such Currency Indexed Notes.

Unless otherwise specified in the applicable Pricing Supplement, on the basis of the aforesaid determinations by the Determination Agent, (i) if the Base Exchange Rate equals the Interest Spot Rate on any Interest Determination Date or the Spot Rate on the Determination Date for any Currency Indexed Note, then the amount of interest payable in respect of such Currency Indexed Note on the applicable Interest Payment Date or at the Maturity Date, as the case may be, would reflect an interest rate equal to the Base Interest Rate of such Currency Indexed Note; (ii) if the Interest Spot Rate on any Interest Determination Date or the Spot Rate on the Determination Date exceeds the Base Exchange Rate (i.e., the Specified Currency has appreciated against the Indexed Currency during the term of the Currency Indexed Note), then the amount of interest so payable would reflect an interest rate greater than the Base Interest Rate of such Currency Indexed Note; and (iii) if the Interest Spot Rate on any Interest Determination Date or the Spot Rate on the Determination Date is less than the Base Exchange Rate (i.e., the Specified Currency has depreciated against the Indexed Currency during the term of the Currency Indexed Note), then the amount of interest so payable would reflect an interest rate less than the Base Interest Rate of such Currency Indexed Note.

Unless otherwise specified in the applicable Pricing Supplement, in the event of any redemption or repayment of a Currency Indexed Note prior to its Maturity Date, the term "Maturity Date" used above would refer to the redemption or repayment date of such Currency Indexed Note.

PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN FINANCIAL AND LEGAL ADVISORS AS TO THE RISKS ENTAILED BY AN INVESTMENT IN CURRENCY INDEXED NOTES. SUCH CURRENCY INDEXED NOTES ARE NOT AN APPROPRIATE INVESTMENT FOR INVESTORS WHO ARE UNSOPHISTICATED WITH RESPECT TO FOREIGN CURRENCY TRANSACTIONS. SEE "RISK FACTORS."

## COMMODITY INDEXED NOTES

The Pricing Supplement relating to a Commodity Indexed Note will set forth the method by which the amount of interest payable on an Interest Payment Date and the amount of interest and principal payable at the Maturity Date in respect of such Commodity Indexed Note will be determined, a description of certain tax consequences to holders of Commodity Indexed Notes, a description of certain risks associated with investments in Commodity Indexed Notes and other information relating to such Commodity Indexed Notes.

## REDEMPTION

The Notes will not be subject to redemption through the operation of a sinking fund, but each Note may be redeemed at the option of the Company at any time on and after the date, if any, specified at the time of sale and set forth in the applicable Pricing Supplement and on the face of such Note. A Note will not be redeemable if no such date is set forth on such Note. On and after such date, if any, such Note will be redeemable in whole or from time to time in part on notice mailed not more than 60 nor less than 30 days prior to the date of redemption at a redemption price set forth in the applicable Pricing Supplement, together with interest accrued thereon to the date of redemption.

## REPAYMENT

The Pricing Supplement relating to each Note will indicate either that such Note cannot be repaid prior to maturity or that such Note will be repayable at the option of the holder prior to maturity on the Repayment Date or Repayment Dates, if any, specified in the applicable Pricing Supplement and on the face of such Note. A Note will not be repayable if no such Repayment Date is set forth on such Note. On such Repayment Date or Repayment Dates, if any, such Note will be repayable in whole or from time to time in part at a price set forth in the applicable Pricing Supplement, together with interest accrued on such portion to the date of repayment.

In order for a Note to be repaid, the Company must receive at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, during the period from and including the first day of the Repayment Option Period set forth on the face of such Note for such Repayment Date to and including the close of business on the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day): (i) the Note with the form entitled "Option to Elect Repayment" on the reverse of the Note duly completed, or (ii) a telegram, telex, facsimile transmission or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or a trust company in the United States of America, dated no later than the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day) setting forth the name of the holder of the Note, the principal amount of the Note, the portion of the principal amount of the Note to be repaid, a statement that the option to elect repayment is being exercised thereby and a guarantee that the Note to be repaid in whole or in part (with the form entitled "Option to Elect Repayment" on the reverse of the Note duly completed) will be received at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, not later than five business days after the date of such telegram, telex, facsimile transmission or letter and such Note and form duly completed must be received at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, by such fifth business day. Effective exercise of any repayment option by the holder of any Note shall be irrevocable. No transfer or exchange of any Note (or, in the event that any Note is to be repaid in part, such portion of the Note to be repaid) will be permitted after exercise of a repayment option. A repayment option may be exercised by the holder of a Note for less than the entire principal amount of the Note, provided that the principal amount which is to be repaid is equal to \$1,000 or any integral multiple thereof for Notes denominated in U.S. dollars or 10,000 units of the Specified Currency or any integral multiple thereof for Notes denominated in a Specified Currency other than U.S. dollars. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment will be determined by the Company, whose determination will be final, binding and non-appealable. For purposes of this

provision, "business day" means any day other than Saturday and Sunday or a legal holiday or any day on which banking institutions in New York, New York are authorized or required by law or regulation to close.

If a Note is represented by a Global Security (as defined below), the Depository's nominee will be the holder of such Note and, therefore, will be the only entity that can exercise a right to repayment. In order to ensure that the Depository's nominee will timely exercise a right to repayment with respect to a particular Note, the beneficial owner of such Note must instruct the broker or other direct or indirect participant through which it holds an interest in such Note to notify the Depository of its desire to exercise a right to repayment. Different firms have different cut-off times for accepting instructions from their customers, and, accordingly, each beneficial owner should consult the broker or other direct or indirect participant through which it holds an interest in a Note in order to ascertain the cut-off time by which such an instruction must be given in order for timely notice to be delivered to the Depository.

#### BOOK-ENTRY SYSTEM

Upon issuance, all Book-Entry Notes having the same Specified Currency, Original Issue Date, Maturity Date, reset, extension, redemption and repayment provisions, Interest Payment Dates, Record Dates, and, in the case of Fixed Rate Notes, interest rate, or, in the case of Floating Rate Notes, Base Rate, Initial Interest Rate, Index Maturity, Reset Period, Interest Payment Dates, Spread or Spread Multiplier, if any, Maximum Interest Rate, if any, and Minimum Interest Rate, if any, and in the case of Fixed Rate Notes or Floating Rate Notes that are also Currency Indexed Notes, Specified Currency, Indexed Currency and Base Exchange Rate, or that are also Commodity Indexed Notes, the same comparable terms, will be represented by a single global security (a "Global Security"). Each Global Security representing Book-Entry Notes will be deposited with, or on behalf of, DTC or such other Depository as is specified in the applicable Pricing Supplement, and registered in the name of the Depository or its nominee. Book-Entry Notes will not be exchangeable for Certificated Notes at the option of the holder and, except as set forth below, will not otherwise be issuable in definitive form. Unless otherwise specified in the applicable Pricing Supplement, DTC will be the Depository.

DTC has advised the Company and the Agents as follows: 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. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers (including the Agents), banks, trust companies, clearing corporations and certain other organizations, some of which (and/or their representatives) own DTC. Access to DTC's book-entry system is also available to others, such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

Upon the issuance by the Company of Book-Entry Notes represented by a Global Security, the Depository will credit, on its book-entry registration and transfer system, the respective principal amounts of the Book-Entry Notes represented by such Global Security to the accounts of institutions that have accounts with the Depository ("participants"). The accounts to be credited shall be designated by the agents or underwriters of such Book-Entry Notes or by the Company if such Book-Entry Notes are offered and sold directly by the Company. Ownership of beneficial interests in a Global Security will be limited to participants or persons that hold interests through participants. Ownership of beneficial interests in Book-Entry Notes represented by 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). The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a Global Security.

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 Book-Entry Notes represented by such Global Security for all purposes under the Indenture. Except as provided below, owners of beneficial interests in Book-Entry Notes represented by a Global Security will not be entitled to have Book-Entry Notes represented by such Global Security registered in their names, will not receive or be entitled to receive physical delivery of Book-Entry Notes in definitive form and will not be considered the owners or holders thereof under the Indenture. Unless and until it is exchanged in whole or in part for individual certificates evidencing the Book-Entry Notes represented thereby, a Global Security may not be transferred except as a whole by the Depository for such Global Security to a nominee of such Depository or by a nominee of such Depository to such Depository or another nominee of such Depository or by the Depository or any nominee to a successor Depository or any nominee of such successor.

Payments of principal of and interest, if any, on the Book-Entry Notes represented by a Global Security registered in the name of the Depository or its nominee will be made by the Company through the Trustee to the Depository or its nominee, as the case may be, as the registered owner of the Global Security. Neither the Company, the Trustee nor the registrar for the Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Security or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Company has been advised that the Depository, upon receipt of any payment of principal of or interest on a Global Security, will credit immediately the accounts of the related participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interest in such Global Security as shown on the records of the Depository. The Company expects that payments by participants to owners of beneficial interests in a Global Security will be governed by standing customer instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name." Such payments will be the responsibility of such participants.

If the Depository with respect to any Global Security or Global Securities is at any time unwilling or unable to continue as Depository and a successor Depository is not appointed by the Company within 90 days, the Company will issue Certificated Notes in exchange for the Book-Entry Notes represented by such Global Security or Global Securities. In addition, the Company may at any time and in its sole discretion determine not to have Global Securities, and, in such event, will issue Certificated Notes in exchange for the Book-Entry Notes represented by such Global Securities.

#### SPECIAL PROVISIONS RELATING TO MULTI-CURRENCY NOTES

##### GENERAL

Unless otherwise indicated in the applicable Pricing Supplement, if any Notes are to be denominated in U.S. dollars, payments of principal of and interest on such Notes will be made in U.S. dollars. If any of the Notes are to be denominated in a Specified Currency other than U.S. dollars ("Multi-Currency Notes"), the following provisions shall apply which are in addition to, and to the extent inconsistent therewith replace, the description of the general terms and provisions of Notes set forth in the accompanying Prospectus and elsewhere in this Prospectus Supplement.

The authorized denominations of Multi-Currency Notes will be the amounts of the Specified Currency for such Notes that are equivalent, at the Exchange Rate (as defined below) for purchases of

such Specified Currency on the Business Day immediately preceding the trade date for such Notes, to \$100,000 (rounded down to an integral multiple of 10,000 units of such Specified Currency), and any larger amount that is an integral multiple of 10,000 units of such Specified Currency, except as otherwise specified in the applicable Pricing Supplement.

Unless otherwise indicated in the applicable Pricing Supplement, payment of the purchase price of Multi-Currency Notes will be made in immediately available funds.

#### CURRENCY EXCHANGE

Unless otherwise specified in the applicable Pricing Supplement, purchasers are required to pay for Multi-Currency Notes in the Specified Currency. At the present time, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies or currency units, and vice versa, and it is believed that only a limited number of U.S. banks offer foreign currency checking or savings facilities in the United States. However, if requested by a purchaser at the time an offer to purchase an applicable Note is made to an Agent (or by such other day as such Agent may determine), such Agent will arrange for the conversion of U.S. dollars into the applicable Specified Currency to enable the purchaser to pay for such Multi-Currency Note. Each such conversion will be made by the Agents on such terms and subject to such conditions, limitations and charges as the Agents may from time to time establish in accordance with their regular foreign exchange practices. All costs of exchange will be borne by the purchasers of the Multi-Currency Notes.

Specific information about the foreign currency or currency units in which a particular Multi-Currency Note is denominated, including historical exchange rates and a description of the currency or currency units and any exchange controls, will be set forth in the applicable Pricing Supplement.

#### PAYMENT OF PRINCIPAL AND INTEREST

Principal and interest, if any, on Multi-Currency Notes will be paid by the Company in the Specified Currency. If so specified in the applicable Pricing Supplement, at the request of a holder of a Multi-Currency Note, payments of principal and interest in respect of such Note shall be paid in U.S. dollars. Under such circumstances, the Company would be required to tender payment in U.S. dollars at the Exchange Rate, and any costs associated with such conversion would be borne by such holder through deduction from such payments. In such case, a holder may elect to receive payments in U.S. dollars by delivering a written request to the Trustee not later than the Record Date immediately preceding the applicable payment date. Such election will remain in effect until notice to the Trustee, but written notice of any such revocation must be received by the Trustee not later than the Record Date immediately preceding the next Interest Payment Date or the fifteenth day preceding the Maturity Date, as the case may be. Upon request, the Trustee will mail a copy of a form of request to any holder.

#### OUTSTANDING MULTI-CURRENCY NOTES

For purposes of calculating the principal amount of any Multi-Currency Note payable in a Specified Currency which is outstanding under the Indenture for purposes of determining whether the holders of the requisite principal amount of outstanding Securities have given any request, demand, authorization, direction, notice, consent or waiver under such Indenture or whether a quorum is present at a meeting of holders of Securities, the principal amount of such Multi-Currency Note at any time outstanding shall be deemed to be the U.S. dollar equivalent, determined as of the date of the original issuance of such Multi-Currency Note, of the principal amount of such Multi-Currency Note. Unless otherwise indicated in the applicable Pricing Supplement, whenever the Indenture provides for any distribution to holders, any amount in respect of any Multi-Currency Note shall be treated for any such distribution as that amount of U.S. dollars that could be obtained for such amount on such reasonable basis of exchange as the Company may specify.

## PAYMENT CURRENCY

If the principal of, or interest on, any Note is payable in a Specified Currency that is not available to the Company for making payments thereof due to the imposition of exchange controls or other circumstances beyond the control of the Company, the Company will be entitled to satisfy its obligations to holders of the Notes by making such payment in U.S. dollars on the basis of the Exchange Rate on the second Business Day preceding the Interest Payment Date or the second Business Day preceding the maturity of an installment of principal, as the case may be (or, if no rate is quoted for such Specified Currency on such date, the last date such rate is quoted). Any payment made under such circumstances in U.S. dollars where the required payment is in a Specified Currency other than U.S. dollars will not constitute an Event of Default under the Indenture.

"Exchange Rate" means (a) with respect to U.S. dollars in which payment is to be made on Multi-Currency Notes denominated in a composite currency unit, the exchange rate between U.S. dollars and such composite currency unit reported by the agency or organization, if any, responsible for overseeing such composite currency unit or by the Council of the European Communities (in the case of ECU, whose reports are currently based on the rates in effect at 2:30 p.m., Brussels time, on the relevant exchange markets), as appropriate, on the applicable Record Date with respect to an Interest Payment Date or the fifteenth day immediately preceding the maturity of an installment of principal, or on such other date provided in the Indenture, as the case may be; (b) with respect to U.S. dollars in which payment is to be made on Multi-Currency Notes denominated in a foreign currency, the noon U.S. dollar buying rate for that currency for cable transfers quoted by the Exchange Rate Agent in The City of New York designated by the Company on the Record Date with respect to an Interest Payment Date or the fifteenth day immediately preceding the maturity of an installment of principal, or on such other date provided therefor, as the case may be, as certified for customs purposes by the Federal Reserve Bank of New York; and (c) with respect to a Specified Currency other than U.S. dollars in which payment is to be made on Multi-Currency Notes converted into U.S. dollars pursuant to the Indenture as described above under "Payment Currency," the noon U.S. dollar selling rate for that currency for cable transfers quoted by the Exchange Rate Agent in The City of New York on the second Business Day preceding the applicable Interest Payment Date or the second Business Day preceding the maturity of an installment of principal, as the case may be, as certified for customs purposes by the Federal Reserve Bank of New York. If for any reason such rates are not available with respect to one or more currencies for which an Exchange Rate is required, the Company shall use such quotation of the Federal Reserve Bank of New York as of the most recent available date, or quotations from one or more commercial banks in The City of New York or in the country of issue of the currency in question, or such other quotations as the Company, in each case, shall deem appropriate. If there is more than one market for dealing in any currency by reason of foreign exchange regulations or otherwise, the market to be used in respect of such currency shall be the largest market upon which a nonresident issuer of securities designated in such currency would purchase such currency in order to make payments in respect of such securities.

The value and composition of the ECU in which any Notes are denominated or in which any such Notes are payable, as the case may be, will be the same as the composition of the European Currency Unit that is from time to time used as the unit of account of the European Communities (the "EC"). Changes to the ECU may be made by the EC, in which event the ECU will change accordingly. References herein to the ECU shall be deemed to be references to the ECU as so changed from time to time.

From the start of the third stage of the European monetary union, if any payment of principal or interest in respect of a Note is to be made in ECU, all payments in respect of such Note will be payable in Euro at the rate then established in accordance with the Treaty establishing the EC, as amended by the Treaty on European Union.

## U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the material U.S. federal income tax consequences resulting from the beneficial ownership of Notes by certain persons. This summary does not purport to consider all the possible U.S. federal tax consequences of the purchase, ownership or disposition of the Notes and is not intended to reflect the individual tax position of any beneficial owner. It deals only with Notes denominated in U.S. dollars, Notes denominated in currencies or composite currencies other than U.S. dollars ("Foreign Currency"), and Foreign Currency in each case held as capital assets. Moreover, except as expressly indicated, it addresses initial purchasers and does not address beneficial owners that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or currencies, purchasers that hold Notes (or Foreign Currency) as a hedge against currency risks or as part of a straddle with other investments or as part of a "synthetic security" or other integrated investment (including a "conversion transaction") comprised of a Note and one or more other investments, or purchasers that have a "functional currency" other than the U.S. dollar. Except to the extent discussed below under "Non-U.S. Holders," this summary is not applicable to non-United States persons not subject to U.S. federal income tax on their worldwide income. This summary is based upon the U.S. federal tax laws and regulations as now in effect and as currently interpreted and does not take into account possible changes in such tax laws or such interpretations, any of which may be applied retroactively. It does not include any description of the tax laws of any state, local or foreign governments that may be applicable to the Notes or holders thereof, and it does not discuss the tax treatment of Notes denominated in certain hyperinflationary currencies or dual currency Notes.

Persons considering the purchase of Notes should consult their own tax advisors concerning the tax consequences of holding Notes, including the application of the U.S. federal tax laws discussed below to their particular situations, as well as the application of state, local and other national tax laws.

## U.S. HOLDERS

## Payments of Interest

In general, interest on a Note, whether payable in U.S. dollars or a Foreign Currency (other than certain payments on a Discount Note, as defined and described below under "Original Issue Discount"), will be taxable to a beneficial owner who or which is (i) a citizen or resident of the United States, (ii) a corporation created or organized under the laws of the United States or any State thereof (including the District of Columbia) or (iii) a person otherwise subject to United States federal income taxation on its worldwide income (a "U.S. Holder") as ordinary income at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. If an interest payment is denominated in or determined by reference to a Foreign Currency, then special rules, described below under "Foreign Currency Notes," apply.

## Original Issue Discount

The following discussion summarizes the United States federal income tax consequences to U.S. Holders of Notes issued with original issue discount ("OID") for federal income tax purposes. U.S. Holders of a Note issued with OID generally will be subject to special tax accounting rules provided in the Internal Revenue Code of 1986, as amended (the "Code").

Special rules apply to OID on a Discount Note that is denominated in Foreign Currency. See "Foreign Currency Notes -- Foreign Currency Discount Notes" below.

General. A Note will be treated as issued with OID (a "Discount Note") if the excess of the Note's "stated redemption price at maturity" over its issue price is greater than a de minimis amount (set forth in the Code and the OID Regulations). Under the OID Regulations, the "stated redemption price at maturity" of a Note is the sum of all payments provided by the Note that are not payments of "qualified stated interest." A "qualified stated interest" payment includes any stated interest payment on a Note that is unconditionally payable in cash or property (other than debt instruments of the

Company) at least annually at a single fixed rate (or at certain floating rates) that appropriately takes into account the length of the interval between stated interest payments. Generally, the issue price of a Note (or any Note that is part of an issue of Notes) will be the first price at which a substantial amount of Notes that are part of such issue of Notes are sold (other than to underwriters, placement agents or wholesalers). The applicable Pricing Supplement will state whether a particular issue of Notes will constitute an issue of Discount Notes.

In general, if the excess of a Note's stated redemption price at maturity over its issue price is de minimis, then such excess constitutes "de minimis OID." Under the OID Regulations, unless a U.S. Holder makes the election described below under "Election to Treat All Interest as Original Issue Discount," such a Note will not be treated as issued with OID (in which case the following paragraphs under "Original Issue Discount" will not apply) and a U.S. Holder of such a Note will recognize capital gain with respect to such de minimis OID as stated principal payments on the Note are made. The amount of such gain with respect to each such payment will equal the product of the total amount of the Note's de minimis OID and a fraction, the numerator of which is the amount of the principal payment made and the denominator of which is the stated principal amount of the Note.

The OID Regulations provide that a Note bearing interest at a floating rate (a "Floating Rate Note") will bear qualified stated interest if the Floating Rate Note provides for stated interest at: (1) one or more qualified floating rates; (2) a single fixed rate and one or more qualified floating rates; (3) a single objective rate; or (4) a single fixed rate and a single objective rate that is a qualified inverse floating rate.

For this purpose, a variable interest rate is a qualified floating rate if variations in the value of the rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the debt instrument is denominated. A variable rate is not qualified stated interest if, among other things, the terms of the Note provide for a maximum interest rate or a minimum interest rate that is reasonably expected as of the issue date to cause the yield on the debt instrument to be significantly less, in the case of a maximum rate, or significantly more, in the case of a minimum rate, than the expected yield determined without the maximum or minimum rate, as the case may be.

An objective rate is a rate that is determined using a single fixed formula and that is based on: (1) one or more qualified floating rates; (2) one or more rates where each rate would be a qualified floating rate for a debt instrument denominated in a currency other than the currency in which the debt instrument is denominated; (3) the yield or change in the price of actively traded personal property; or (4) a combination of the foregoing rates. An objective rate is a qualified inverse floating rate if the rate is equal to a fixed rate minus a qualified floating rate, and the variation in the rate can be reasonably expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds. A variable rate of interest on a debt instrument is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the instrument's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the debt instrument's term. Unless specified in the applicable Pricing Supplement, Floating Rate Notes will not be Discount Notes.

The Code and the OID Regulations require a U.S. Holder of a Discount Note having a maturity of more than one year from its date of issue to include OID in gross income, as it accrues economically on a constant yield basis, without regard to the holder's method of accounting for tax purposes and prior to the receipt of cash attributable to such income. In addition, qualified stated interest is included in income under the U.S. Holder's regular method of accounting.

The amount of OID includible in gross income by a U.S. Holder of a Discount Note is the sum of the "daily portions" of OID with respect to the Discount Note for each day during the taxable year in which the U.S. Holder holds such Discount Note ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. Under the OID Regulations, accrual periods with respect to a Note may be any set of periods

(which may be of varying lengths) selected by the U.S. Holder as long as (i) no accrual period is longer than one year and (ii) each scheduled payment of interest or principal on the Note occurs on the first day or final day of an accrual period.

The amount of OID allocable to an accrual period equals the excess of (a) the product of the Discount Note's adjusted issue price at the beginning of the accrual period and the Discount Note's yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) over (b) the sum of any payments of qualified stated interest on the Discount Note allocable to the accrual period. In the case of a Floating Rate Note, both the yield to maturity and the qualified stated interest will generally be determined for these purposes as though the Note will bear interest in all periods at a fixed rate equal to the value of the rate as of the issue date. In the case of Floating Rate Notes using an objective rate other than a qualified inverse floating rate, the yield to maturity and the qualified stated interest will generally be determined as though the Note will bear interest in all periods at a fixed rate equal to the rate that reflects the yield that is reasonably expected for the Note. (Additional rules may apply if interest on a Floating Rate Note is based on more than one interest index.)

The "adjusted issue price" of a Discount Note at the beginning of the first accrual period is the issue price. Thereafter, the adjusted issue price at the beginning of any accrual period is (x) the sum of the issue price of such Discount Note, the accrued OID for each prior accrual period (determined without regard to the amortization of any acquisition premium or bond premium, which are discussed below), and the amount of any qualified stated interest on the Note that has accrued prior to the beginning of the accrual period but is not payable until a later date, less (y) any prior payments on the Discount Note that were not qualified stated interest payments. If a payment (other than a payment of qualified stated interest) is made on the first day of an accrual period, then the adjusted issue price at the beginning of such accrual period is reduced by the amount of the payment. If a portion of the initial purchase price of a Note is attributable to interest that accrued prior to the Note's issue date, the first stated interest payment on the Note is to be made within one year of the Note's issue date and such payment will equal or exceed the amount of pre-issuance accrued interest, then the issue price will be decreased by the amount of pre-issuance accrued interest, in which case a portion of the first stated interest payment will be treated as a return of the excluded pre-issuance accrued interest and not as an amount payable on the Note.

The OID Regulations contain certain special rules that generally allow any reasonable method to be used in determining the amount of OID allocable to a short initial accrual period (if all other accrual periods are of equal length) and require that the amount of OID allocable to the final accrual period equal the excess of the amount payable at the maturity of the Discount Note (other than any payment of qualified stated interest) over the Discount Note's adjusted issue price as of the beginning of such final accrual period. In addition, if an interval between payments of qualified stated interest on a Discount Note contains more than one accrual period, then the amount of qualified stated interest payable at the end of such interval is allocated pro rata (on the basis of their relative lengths) between the accrual periods contained in the interval.

U.S. Holders of Discount Notes generally will have to include in income increasingly greater amounts of OID over the life of the Notes.

**Acquisition Premium.** A U.S. Holder that purchases a Discount Note at its original issuance for an amount in excess of its issue price but less than its stated redemption price at maturity (any such excess being "acquisition premium"), and that does not make the election described below under "Election To Treat All Interest as Original Issue Discount," reduces the daily portions of OID by an amount equal to the amount which would be the daily portion for such day (determined without regard to this paragraph) multiplied by a fraction, the numerator of which is the excess of the U.S. Holder's purchase price for the Note over the issue price, and the denominator of which is the excess of the sum of all amounts payable on the Note after the purchase date, other than payments of qualified stated interest, over the Note's issue price. Alternatively, a U.S. Holder may elect to compute

OID accruals as described under "Original Issue Discount -- General" above, treating the U.S. Holder's purchase price as the issue price.

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

Short-Term Notes. Under the Code, special rules apply with respect to OID on Notes that mature one year or less from the date of issuance ("Short-Term Notes"). In general, a cash basis U.S. Holder of a Short-Term Note is not required to include OID in income as it accrues for United States federal income tax purposes unless it elects to do so. Accrual basis U.S. Holders and certain other U.S. Holders, including banks, regulated investment companies, dealers in securities and cash basis U.S. Holders who so elect, are required to include OID in income as it accrues on Short-Term Notes on a straight-line basis or, at the election of the U.S. Holder, under the constant yield method (based on daily compounding). In the case of U.S. Holders not required and not electing to include OID in income currently, any gain realized on the sale or retirement of Short-Term Notes will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the original issue discount under the constant yield method) through the date of sale or retirement. U.S. Holders who are not required and do not elect to include OID on Short-Term Notes in income as it accrues will be required to defer deductions for interest on borrowings allocable to Short-Term Notes in an amount not exceeding the deferred income until the deferred income is realized.

Any U.S. Holder of a Short-Term Note can elect to apply the rules in the preceding paragraph taking into account the amount of "acquisition discount," if any, with respect to the Note (rather than the OID with respect to such Note). Acquisition discount is the excess of the stated redemption price at maturity of the Short-Term Note over the U.S. Holder's purchase price therefor. Acquisition discount will be treated as accruing on a ratable basis or, at the election of the U.S. Holder, on a constant-yield basis.

For purposes of determining the amount of OID subject to these rules, the OID Regulations provide that no interest payments on a Short-Term Note are qualified stated interest, but instead such interest payments are included in the Short-Term Note's stated redemption price at maturity. Actual receipt of stated interest will be taxable to the extent of accrued OID at the time of receipt.

#### Notes Purchased at a Premium

Under the Code, a U.S. Holder that purchases a Note for an amount in excess of its stated redemption price at maturity will not be subject to the OID rules and may elect to treat such excess as "amortizable bond premium," in which case the amount of qualified stated interest required to be included in the U.S. Holder's income each year with respect to interest on the Note will be reduced by the amount of amortizable bond premium allocable (based on the Note's yield to maturity) to such year. Any election to amortize bond premium is applicable to all bonds (other than bonds the interest on which is excludible from gross income) held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and may not be revoked without the consent of the Internal Revenue Service ("IRS"). A U.S. Holder that does not elect to amortize bond premium will generally be entitled to treat the premium as capital loss when the Note matures. See also "Election to Treat All Interest as Original Issue Discount" below.

## Notes Purchased at a Market Discount

A Note, other than a Short-Term Note, will be treated as issued at a market discount (a "Market Discount Note") if the amount for which a U.S. Holder purchased the Note is less than the Note's issue price, subject to a de minimis rule similar to the rule relating to de minimis OID described under "Original Issue Discount -- General."

In general, any gain recognized on the maturity or disposition of a Market Discount Note will be treated as ordinary income to the extent that such gain does not exceed the accrued market discount on such Note. Alternatively, a U.S. Holder of a Market Discount Note may elect to include market discount in income currently over the life of the Market Discount Note. Such an election applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

Market discount accrues on a straight-line basis unless the U.S. Holder elects to accrue such discount on a constant yield to maturity basis. Such an election is applicable only to the Market Discount Note with respect to which it is made and is irrevocable. A U.S. Holder of a Market Discount Note that does not elect to include market discount in income currently generally will be required to defer deductions for interest on borrowings allocable to such Note in an amount not exceeding the accrued market discount on such Note until the maturity or disposition of such Note.

The market discount rules do not apply to a Short-Term Note.

## Election To Treat All Interest as Original Issue Discount

Any U.S. Holder may elect to include in gross income all interest that accrues on a Note using the constant yield method described above under the heading "Original Issue Discount -- General," with the modifications described below. For purposes of this election, interest includes stated interest, OID, de minimis OID, market discount acquisition discount, de minimis market discount and unstated interest, as adjusted by any amortizable bond premium or acquisition premium.

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

If the election described above to apply the constant yield method to all interest on a Note is made with respect to a Market Discount Note, as defined above, then the electing U.S. Holder will be treated as having made the election discussed above under "Notes Purchased at a Market Discount" to include market discount in income currently over the life of all debt instruments held or thereafter acquired by such U.S. Holder.

## Purchase, Sale and Retirement of the Notes

General. A U.S. Holder's tax basis in a Note generally will equal its U.S. dollar cost (which, in the case of a Note purchased with a Foreign Currency, will be the U.S. dollar value of the purchase price on the date of purchase), (i) increased by the amount of any OID or market discount (or acquisition discount, in the case of a Short-Term Note) included in the U.S. Holder's income with respect to the

Note and the amount, if any, of income attributable to de minimis OID included in the U.S. Holder's income with respect to the Note, and (ii) reduced by the amount of any payments that are not qualified stated interest payments, and the amount of any amortizable bond premium applied to reduce interest on the Note. A U.S. Holder generally will recognize gain or loss on the sale or retirement of a Note equal to the difference between the amount realized on the sale or retirement and the U.S. Holder's tax basis in the Note. The amount realized on a sale or retirement for an amount in Foreign Currency will be the U.S. dollar value of such amount on the date of sale or retirement. Except to the extent described above under "Original Issue Discount -- Short-Term Notes" or "Notes Purchased at a Market Discount" or below under "Foreign Currency Notes -- Exchange Gain or Loss," and except to the extent attributable to accrued but unpaid interest, gain or loss recognized on the sale or retirement of a Note will be capital gain or loss and will be long-term capital gain or loss if the Note was held for more than one year, although the capital gain rate will be lower for an individual Holder if the Note is held for more than eighteen months.

#### Foreign Currency Notes

**Interest Payments.** If an interest payment is denominated in or determined by reference to a Foreign Currency, the amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. Accrual basis U.S. Holders may determine the amount of income recognized with respect to such interest payment in accordance with either of two methods. Under the first method, the amount of income recognized will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or retirement of a Note) determined by reference to a Foreign Currency, an accrual basis U.S. Holder will recognize ordinary income or loss measured by the difference between such average exchange rate and the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. Under the second method, an accrual basis U.S. Holder may elect to translate interest income into U.S. dollars at the spot exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, at the exchange rate in effect on the last day of the partial period within the taxable year. Additionally, if a payment of interest is actually received within 5 business days of the last day of the accrual period or taxable year, an accrual basis U.S. Holder applying the second method may instead translate such accrued interest into U.S. dollars at the spot exchange rate in effect on the day of actual receipt (in which case no exchange gain or loss will result). Any election to apply the second method will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder and may not be revoked without the consent of the IRS.

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

**Foreign Currency Discount Notes.** OID for any accrual period on a Discount Note that is denominated in a Foreign Currency will be determined in the Foreign Currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder. Upon receipt of an amount attributable to original issue discount (whether in connection with a payment of interest or the sale or retirement of a Note), a U.S. Holder may recognize ordinary income or loss.

**Amortizable Bond Premium.** In the case of a Note that is denominated in a Foreign Currency, bond premium will be computed in units of Foreign Currency, and amortizable bond premium will reduce interest income in units of the Foreign Currency. At the time amortized bond premium offsets

interest income, a U.S. Holder may realize ordinary income or loss, measured by the difference between exchange rates at that time and at the time of the acquisition of the Notes.

**Market Discount.** Market discount is determined in units of the Foreign Currency. Accrued market discount that is required to be taken into account on the maturity or upon disposition of a Note is translated into U.S. dollars at the exchange rate on the maturity or the disposition date, as the case may be (and no part is treated as exchange gain or loss). Accrued market discount currently includible in income by an electing U.S. Holder is translated into U.S. dollars at the average exchange rate for the accrual period (or the partial accrual period during which the U.S. Holder held the Note), and exchange gain or loss is determined on maturity or disposition of the Note (as the case may be) in the manner described above under "Foreign Currency Notes -- Interest Payments" with respect to the computation of exchange gain or loss on the receipt of accrued interest by an accrual method holder.

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

#### Indexed Notes

The applicable Pricing Supplement will contain a discussion of any special United States federal income tax rules with respect to Currency Indexed Notes, Commodity Indexed Notes or other indexed Notes.

#### NON-U.S. HOLDERS

Subject to the discussion of backup withholding below, payments of principal (and premium, if any) and interest (including OID) by the Company or any agent of the Company (acting in its capacity as such) to any holder of a Note that is not a U.S. Holder (a "Non-U.S. Holder") will not be subject to U.S. federal withholding tax, provided, in the case of interest (including OID), that (i) the Non-U.S. Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote, (ii) the Non-U.S. Holder is not a controlled foreign corporation for U.S. tax purposes that is related to the Company (directly or indirectly) through stock ownership and (iii) either (A) the Non-U.S. Holder certifies to the Company or its agent under penalties of perjury that it is not a United States person and provides its name and address or (B) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "financial institution") and holds the Note certifies to the Company or its agent under penalties of perjury that such statement has been received from the Non-U.S. Holder by it or by another financial institution and furnishes the payor with a copy thereof. A Non-U.S. Holder of a Note providing for payments of contingent interest within the meaning of Section 871(h) of the Code, will not, however, be exempt from U.S. federal withholding tax with respect to payments of such contingent interest. The applicable Pricing Supplement will contain a description of U.S. federal withholding tax consequences to Non-U.S. Holders of a purchase of a Note providing for payments of such contingent interest.

If a Non-U.S. Holder is engaged in a trade or business in the United States and interest (including OID) on the Note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed in the preceding paragraph (provided that such holder furnishes a properly executed IRS Form 4224 on or before any payment date to claim such exemption), may be subject to U.S. federal income tax on such interest (or OID) in the same manner as if it were a U.S. Holder. In addition, if the Non-U.S. Holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to certain adjustments. For purposes of the branch profits tax, interest (including OID) on a Note will be included in the earnings and profits of such holder if such interest (or OID) is effectively connected with the conduct by such holder of a trade or business in the United States. In

lieu of the certificate described in the preceding paragraph, such a holder must provide the payor with a properly executed IRS Form 4224 to claim an exemption from U.S. federal withholding tax.

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

Notes held by an individual who is neither a citizen nor a resident of the United States for U.S. federal tax purposes at the time of such individual's death will not be subject to U.S. federal estate tax, provided that the income from such Notes was not or would not have been effectively connected with a U.S. trade or business of such individual and that such individual qualified for the exemption from U.S. federal withholding tax (without regard to the certification requirements) described above.

PURCHASERS OF NOTES THAT ARE NON-U.S. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE POSSIBLE APPLICABILITY OF UNITED STATES WITHHOLDING AND OTHER TAXES UPON INCOME REALIZED IN RESPECT OF THE NOTES.

#### INFORMATION REPORTING AND BACKUP WITHHOLDING

For each calendar year in which the Notes are outstanding, the Company is required to provide the IRS with certain information, including the holder's name, address and taxpayer identification number (either the holder's Social Security number or its employer identification number, as the case may be), the aggregate amount of principal and interest paid (including OID, if any) to that holder during the calendar year and the amount of tax withheld, if any. This obligation, however, does not apply with respect to certain U.S. Holders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts and individual retirement accounts.

In the event that a U.S. Holder subject to the reporting requirements described above fails to supply its correct taxpayer identification number in the manner required by applicable law or underreports its tax liability, the Company, its agents or paying agents or a broker may be required to "backup" withhold a tax equal to 31% of each payment of interest (including OID) and principal (and premium, if any) on the Notes. This backup withholding is not an additional tax and may be credited against the U.S. Holder's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

Under current Treasury Regulations, backup withholding and information reporting will not apply to payments made by the Company or any agent thereof (in its capacity as such) to a Non-U.S. Holder of a Note if such holder has provided the required certification that it is not a United States person as set forth in clause (iii) in the first paragraph under "Non-U.S. Holders" above, or has otherwise established an exemption (provided that neither the Company nor its agent has actual knowledge that the holder is a United States person or that the conditions of any exemption are not in fact satisfied).

Payment of the proceeds from the sale of a Note to or through a foreign office of a broker will not be subject to information reporting or backup withholding, except that if the broker is a United States person, a controlled foreign corporation for United States tax purposes or a foreign person 50 percent or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment was effectively connected with a U.S. trade or business, information reporting may apply to such payments. Payment of the proceeds from a sale of a Note to or through the U.S. office of a broker is subject to information reporting and backup withholding

unless the holder or beneficial owner certifies as to its taxpayer identification number or otherwise establishes an exemption from information reporting and backup withholding.

#### PLAN OF DISTRIBUTION

The Notes are being offered on a continuing basis by the Company through each of Lehman Brothers, Lehman Brothers Inc. and Goldman, Sachs & Co., as an agent (each an "Agent" and collectively the "Agents"), each of which has agreed to use its reasonable best efforts to solicit offers to purchase the Notes. The Company will pay each Agent a commission, in the form of a discount, ranging from .125% to .750% of the principal amount of each Note, depending upon the time until its Maturity Date, sold through such Agent. The Company may use additional agents to solicit offers to purchase Notes as the Company may designate from time to time on terms substantially identical to those set forth above. Such other agents, if any, will be named in the applicable Pricing Supplement. The Company also may sell Notes to any Agent, acting as principal, at a discount to be agreed upon at the time of sale, for resale to one or more investors or to one or more broker-dealers (acting as principal for purposes of resale) at varying prices related to prevailing market prices at the time of resale, as determined by such Agent, or, if so agreed, at a fixed public offering price. The Notes may also be sold by the Company directly to purchasers. No commission will be payable to the Agents on Notes sold directly to purchasers by the Company.

The Company will have the sole right to accept offers to purchase Notes and may reject any proposed purchase of Notes in whole or in part whether placed directly with the Company or through an Agent. Each Agent will have the right, in its discretion reasonably exercised, to reject any offer to purchase Notes received by it in whole or in part.

Payment of the purchase price of the Notes will be required to be made in funds immediately available in The City of New York.

The Agents may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended (the "Act"). The Company has agreed to indemnify each Agent against certain liabilities, including liabilities under the Act. The Company has agreed to reimburse the Agents for certain expenses, including fees and disbursements of counsel to the Agents. The Agents may sell to or through dealers who may resell to investors. The Agents may pay all or part of their commission to such dealers. Such dealers may be deemed to be "underwriters" within the meaning of the Act.

No Note will have an established trading market when issued. The Notes will not be listed on any securities exchange. The Company has been advised by each of the Agents that it may from time to time purchase and sell Notes in the secondary market, but that it is not obligated to do so. No assurance can be given that there will be a secondary market for the Notes.

In connection with the offering, the Agents may purchase and sell the Notes in the open market. These transactions may include over-allotment and stabilizing transactions and purchases to cover short positions created by the Agents in connection with the offering. The Agents also may impose a penalty bid, whereby selling concessions allowed to broker-dealers in respect of the securities sold in the offering may be reclaimed by the Agents if such Notes are repurchased by the Agents in stabilizing or covering transactions. These activities may stabilize, maintain or otherwise affect the market price of the Notes, which may be higher than the price that might otherwise prevail in the open market; and these activities, if commenced, may be discontinued at any time. These transactions may be effected in the over-the-counter market or otherwise.

INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

SUBJECT TO COMPLETION, DATED AUGUST 18, 1997

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 \$300,000,000 aggregate principal amount or the equivalent thereof in other currencies or currency units 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, currency, 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"), and Pricing Supplement ("Pricing Supplement"), if any, 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.

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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.

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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.

, 1997

## 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. The Commission maintains a Web site that contains reports, proxy and information statements and other information regarding the Registrant; the address of such Web site is <http://www.sec.gov>. 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 document:

(a) The Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1996, filed pursuant to Section 13 of the Securities Exchange Act of 1934;

(b) The Company's Quarterly Reports on Form 10-Q for the quarters ended December 31, 1996, March 31, 1997 and June 30, 1997 pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934; and

(c) The Company's Current Reports on Form 8-K filed October 23, 1996, October 25, 1996, January 24, 1997, April 22, 1997 and July 24, 1997, filed pursuant to Section 13 or 15(d) 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.

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 polymer chemicals, performance chemicals and chemical intermediates. The equipment and services business segment supplies cryogenic and other process equipment and related engineering services and includes the Company's power generation and flue gas treatment business.

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,					NINE MONTHS
	1992	1993	1994	1995	1996	ENDED
						JUNE 30,
						1997
	3.9	3.2	3.4	4.1	3.7	3.3

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 under operating leases considered to be representative of the interest factor.

#### USE OF PROCEEDS

Net proceeds to the Company are expected to be \$297,750,000 - \$299,625,000 (prior to deducting expenses payable by the Company estimated at \$400,000). 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. Such corporate purposes may include the refunding of maturing debt, including commercial paper and long-term debt obligations (as described in Note 4 of the Company's 1996 Consolidated Financial Statements, as incorporated into the Company's Form 10-K for the fiscal year ended September 30, 1996) and the repurchase of shares of the Company's Common Stock and acquisitions. 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 10, 1995 (the "Indenture"), entered into between the Company and First Union National Bank (formerly, First Fidelity 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. Section 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 and the applicable Pricing 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 currency or currency unit of payment; (4) the date on which such Securities will mature; (5) the rate or rates per annum, if any, at which such Securities will bear interest or the method for calculating such rate; (6) the times at which such interest, if any, will be payable; (7) provisions for a sinking fund, if any; (8) 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 (9) 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 and/or the applicable Pricing Supplement relating thereto.

Special federal income tax and other considerations relating to Securities denominated in foreign currencies or units of two or more foreign currencies will be described in the applicable Prospectus Supplement and/or the applicable Pricing Supplement.

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 mortgage, security interest, pledge or lien (collectively referred to herein as "lien") of or upon any Principal Property (as hereinafter defined), or any underlying real estate of such property, 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 thereof, or any department, agency or political subdivision of the United States of America or any State 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 or greater 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 of the Company. 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 the greater of \$5,000,000 and 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, are 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 such 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, as specified in the Indenture; 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 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 aggregate 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 aggregate 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 or premium or interest, if any, on, such Securities) may be waived by the holders of a majority in aggregate 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 costs, 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, including without limitation any takeover, recapitalization or other restructuring that may result in a sudden and significant decline in credit rating.

## 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 depositary (or a nominee of the depositary) specified in the accompanying Prospectus Supplement. So long as the depositary for a global security, or its nominee, is the registered owner of the global security, the depositary 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 2.14). 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 2.14)

Upon the issuance of a global security, the depositary 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 depositary. 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 depositary (with respect to interests of participants in the depositary), or by participants in the depositary or persons that may hold interests through such participants (with respect to persons other than participants in the depositary). Ownership of beneficial interests in a global security will be limited to participants or persons that hold interests through participants.

## CONCERNING THE TRUSTEE

First Union National Bank (formerly, First Fidelity Bank, National Association), the Trustee under the Indenture, also performs certain cash management services for, and provides certain credit facilities to, the Company in the normal course of business.

## 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 (a) money (in such currency in which such securities are payable) or (b), in the case of Securities denominated in U.S. dollars, U.S. Government Obligations (as defined in the Indenture) or, in the case of Securities denominated in a foreign currency, Foreign Government Securities (as defined in the Indenture) or a combination of (a) and (b) 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, any deposit of cash and/or U.S. Government Obligations or Foreign Government Securities with respect to which the Company shall have elected to satisfy and fully discharge its obligations with respect to any series of Securities would 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 would 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 or Foreign Government Securities 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 enter into an underwriting, purchase or agency 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., Senior Vice President, General Counsel and Secretary of the Company, or Robert F. Gerkens, Esq., Assistant General Counsel of the Company, and for the underwriters, if any, by Cravath, Swaine & Moore, Worldwide Plaza, 825 Eighth Avenue, New York, New York 10019. The tax disclosure set forth under "U.S. Federal Income Tax Considerations" on pages S-20 through S-28 of the Prospectus Supplement has been passed on for the Company by Kenneth R. Petrini, Esq., Vice President -- Taxes of the Company. Messrs. Agger, Gerkens and Petrini, 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 shares of common stock of the Company and participates in the Company's long-term incentive program, which entitles executives to stock options and deferred stock units. Cravath, Swaine & Moore from time to time acts as special counsel for the Company.

#### EXPERTS

The financial statements and schedule for the year ended 30 September 1996 incorporated by reference in this Prospectus and elsewhere in the Registration Statement, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are incorporated herein by reference in reliance upon the authority of said firm as experts in accounting and auditing in giving said reports.

NO DEALER, SALESMAN, OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS OR ANY PRICING SUPPLEMENT IN CONNECTION WITH THE OFFER CONTAINED IN THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS OR ANY PRICING SUPPLEMENT, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY OR BY ANY AGENT, DEALER OR UNDERWRITER. NEITHER THIS PROSPECTUS SUPPLEMENT, NOR THE ACCOMPANYING PROSPECTUS NOR ANY PRICING SUPPLEMENT SHALL CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED HEREBY IN ANY STATE TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH STATE. THE DELIVERY OF THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS OR ANY PRICING SUPPLEMENT AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF.

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=====  
 \$300,000,000  
 [AIR PRODUCTS LOGO]  
 MEDIUM-TERM NOTES,  
 SERIES G

DUE FROM 9 MONTHS TO 30 YEARS  
 FROM DATE OF ISSUE

-----  
 PROSPECTUS  
 , 1997

AND

PROSPECTUS SUPPLEMENT  
 , 1997

-----  
 LEHMAN BROTHERS  
 GOLDMAN, SACHS & CO.  
 =====

## PART II. INFORMATION NOT REQUIRED IN PROSPECTUS

## ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

Registration Fee.....	\$ 90,909
Printing Fees.....	35,000*
Legal Fees.....	50,000*
Accountants' Fees.....	30,000*
Rating Agency Fees.....	130,000*
Fees and Expenses of Trustee.....	35,000*
Blue Sky Fees and Expenses.....	5,000*
Miscellaneous.....	24,091
	-----
Total.....	\$400,000
	=====

\* Estimated.

## ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware Corporation Law gives corporations the power to indemnify officers and directors under certain circumstances.

Article Ninth of the Company's Restated Certificate of Incorporation contains provisions which provide for indemnification of certain persons (including officers and directors). The Restated Certificate of Incorporation is filed as an exhibit to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1987.

The Company maintains insurance that generally insures the officers and directors of the Company and its subsidiaries (as defined in said policy) against liabilities incurred in such capacities, and insures the Company with respect to amounts to which officers and directors become entitled as indemnification payments from the Company, subject to certain specified exclusions and deductible and maximum amounts. The Company also maintains a policy of insurance that insures, among others, certain officers and directors of the Company and certain of its subsidiaries against liabilities incurred for Breach of Fiduciary Duty (as defined in said policy) with respect to their performance of their duties and responsibilities in connection with certain pension and retirement plans of the Company and certain of its subsidiaries, subject to certain specified exclusions and deductible and maximum amounts.

## ITEM 16. EXHIBITS.

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

- Exhibit 1 -- Form of Agency Agreement.
- Exhibit 4(a) -- Indenture dated as of January 10, 1995, between the Company and First Union National Bank (formerly, First Fidelity Bank, National Association), as Trustee, relating to the Securities (filed as Exhibit 4(a) to the Company's Registration Statement No. 33-57357).
- (b) -- Form of Fixed Rate Medium-Term Note, Series G.
- (c) -- Form of Floating Rate Medium-Term Note, Series G.
- (d) -- Form of Fixed Rate Currency Indexed Medium-Term Note, Series G.
- (e) -- Form of S&P 500 Linked Medium-Term Note, Series G.
- Exhibit 5 -- Opinion of Company counsel as to legality of the Securities to be issued.
- Exhibit 12 -- Computation of Ratios of Earnings to Fixed Charges (filed as Exhibit (a)(12) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997, and incorporated herein by reference).
- Exhibit 23(a) -- Consent of Arthur Andersen LLP.
- (b) -- Consent of Company counsel.

Exhibit 24 -- Power of Attorney.  
 Exhibit 25 -- Form T-1 Statement of Eligibility and Qualification under the  
 Trust Indenture Act of 1939 of First Union National Bank, as Trustee.

ITEM 17. UNDERTAKINGS.

THE UNDERSIGNED REGISTRANT HEREBY UNDERTAKES:

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

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

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement;

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

provided, however, that the undertakings set forth in paragraphs (i) and (ii) above do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the registrant pursuant to section 13 or section 15(d) of the Securities Exchange Act of 1934 that are incorporated by reference in this registration statement.

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

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

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

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions set forth or described in Item 15 of this registration statement, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

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

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

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Allentown and Commonwealth of Pennsylvania on the 18th day of August, 1997.

AIR PRODUCTS AND CHEMICALS, INC.  
(Issuer)

By /s/ A. H. KAPLAN

-----  
(A. H. Kaplan, Senior Vice  
President -- Finance)

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities indicated on August 18, 1997.

SIGNATURE	TITLE
----- /s/ HAROLD A. WAGNER ----- (Harold A. Wagner)	Director, Chairman of the Board and President (Principal Executive Officer)
----- /s/ A. H. KAPLAN ----- (A. H. Kaplan)	Senior Vice President -- Finance (Principal Financial Officer)
----- /s/ PAUL E. HUCK ----- (Paul E. Huck)	Vice President and Corporate Controller (Principal Accounting Officer)
----- * ----- (Dexter F. Baker)	Director
----- * ----- (Tom H. Barrett)	Director
----- * ----- (L. Paul Bremer, III)	Director
----- * ----- (Robert Cizik)	Director
----- * ----- (Ruth M. Davis)	Director
----- * ----- (Edward E. Hagenlocker)	Director

SIGNATURE

TITLE

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\*

Director

(James F. Hardymon)

-----

\*

Director

(Joseph J. Kaminski)

-----

\*

Director

(Terry R. Lautenbach)

-----

\*

Director

(Rudolphus F. N. Lubbers)

-----

\*

Director

(Takeo Shiina)

-----

\*

Director

(Lawrason D. Thomas)

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\* Arnold H. Kaplan, Senior Vice President -- Finance, by signing his name hereto, does sign this document on behalf of the above-noted individuals pursuant to a power of attorney duly executed by such individuals, which power of attorney is filed with the Securities and Exchange Commission as Exhibit 24 hereto.

/s/ ARNOLD H. KAPLAN

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(Arnold H. Kaplan, Attorney-in-Fact)

## INDEX TO EXHIBITS

EXHIBIT NUMBER	EXHIBIT	SEQUENTIALLY NUMBERED PAGE
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U.S. \$ 1/  
Air Products and Chemicals, Inc.  
Medium-Term Notes, Series

AGENCY AGREEMENT

, 199

[Agents]

Dear Ladies and Gentlemen:

Air Products and Chemicals, Inc., a Delaware corporation (the "Corporation"), confirms its agreement with each of you with respect to the issue and sale by the Corporation of up to \$ 1/ aggregate principal amount of its Medium-Term Notes, Series , Due from 9 Months to 30 Years from Date of Issue (the "Notes"). The Notes are to be issued from time to time pursuant to an indenture, dated as of January 10, 1995 (as it may be supplemented or amended from time to time, the "Indenture"), between the Corporation and First Union National Bank (formerly First Fidelity Bank, National Association), as trustee (the "Trustee").

The Notes will be issued, and the terms thereof established, in accordance with the Indenture and the Medium-Term Notes, Series , Administrative Procedures attached hereto as Exhibit B (the "Procedures") (unless a Terms Agreement (as defined in Section 2(b)) modifies or otherwise supersedes such Procedures with respect to the Notes issued pursuant to such Terms Agreement). For the purposes of this Agreement, the term "Agent" shall refer to any of you acting solely in the capacity as agent for the Corporation pursuant to Section 2(a) and not as principal (collectively, the "Agents"), the term "Purchaser" shall refer to one of you acting solely as principal pursuant to Section 2(b) and not as agent, and the term "you" shall refer to you collectively whether at any time any of you is acting in both such capacities or in either such capacity. In acting under this Agreement, in whatever capacity, each of you is acting individually and not jointly.

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1/ Or its equivalent in foreign currencies or currency units.

SECTION 1. Representations and Warranties. The Corporation represents and warrants to each of you as of the Closing Date referred to in Section 2(a)(viii), and as of the times referred to in Section 9(a) at which the Corporation accepts offers to purchase Notes and delivers Notes so purchased (each such time being hereinafter sometimes referred to as a "Representation Date"), as follows:

(a) Registration Statement and Prospectus. The Corporation has filed with the Securities and Exchange Commission (the "Commission"), pursuant to the Securities Act of 1933, as amended (the "Securities Act"), and the published rules and regulations adopted by the Commission thereunder (the "Rules"), a registration statement on Form S-3 (No. 333-[ ]) (the "Registration Statement"), including a basic prospectus, which has become effective under the Securities Act, for the registration under the Securities Act of \$ aggregate principal amount of debt securities (the "Securities"), including the Notes. The Registration Statement meets the requirements set forth in Rule 415(a)(1) under the Securities Act and complies in all other material respects with said Rule. The Corporation has included in the Registration Statement a supplement to the form of prospectus included in the Registration Statement relating to the Notes and the plan of distribution thereof (as amended or supplemented from time to time, the "Prospectus Supplement"). In connection with the sale of the Notes, the Corporation proposes to file with the Commission pursuant to the applicable paragraph of Rule 424(b) under the Securities Act further supplements to the Prospectus Supplement specifying the interest rates, maturity dates, redemption provisions and other similar terms of the Notes sold pursuant hereto or the offering thereof. "Basic Prospectus" shall mean the form of basic prospectus relating to the Securities contained in the Registration Statement. The term "Prospectus" means the Basic Prospectus as supplemented by the Prospectus Supplement. Any reference herein to the Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus includes the documents incorporated by reference therein pursuant to Item 12 of Form S-3 which were filed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or before the date hereof or the issue date of the Prospectus Supplement or the Prospectus, as the case may be, and any reference herein to "amend", "amendment" or "supplement" with respect to the

Registration Statement, the Basic Prospectus, the Prospectus Supplement or the Prospectus includes the filing of any document under the Exchange Act after the date hereof or the issue date of the Prospectus Supplement or the Prospectus, as the case may be, and deemed to be incorporated therein by reference.

(b) Accuracy of Registration Statement. The Registration Statement, as amended, as of each Representation Date, complies in all material respects with the provisions of the Securities Act and the Rules and does not contain any untrue statement of a material fact and does not omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; and the Prospectus, as supplemented as of any such time, complies in all material respects with the provisions of the Securities Act and the Rules and does not contain any untrue statement of a material fact and does not omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Prospectus as supplemented at the Closing Date may not include the information contemplated by Section 1(a) to be contained in pricing supplements thereto; provided, further, however, that none of the representations and warranties contained in this Section 1(b) shall apply to (i) that part of the Registration Statement which shall constitute the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), of the Trustee or (ii) statements in, or omissions from, the Registration Statement or the Prospectus or any amendment thereof or supplement thereto made in reliance upon and in conformity with information furnished in writing to the Corporation by or on behalf of you for use in connection with the preparation of the Registration Statement or the Prospectus or any such amendment or supplement.

(c) Accountants. The accountants whose reports with respect to financial statements are included in the Registration Statement and the Prospectus are independent with respect to the Corporation and its subsidiaries as required by the Securities Act and the Rules.

(d) Material Changes. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, as amended or

supplemented as of such Representation Date, and except as set forth therein, there has not been any material adverse development or change in the condition, financial or other, or the results of operations of the Corporation and its consolidated subsidiaries taken as a whole, whether or not arising from transactions in the ordinary course of business.

(e) Litigation. Except as set forth in the Registration Statement and the Prospectus, as amended or supplemented as of such Representation Date, neither the Corporation nor any of its subsidiaries has any litigation or governmental proceeding pending of a character which will result in a judgment, decree or order having a material adverse effect on the condition, financial or other, or the results of operations of the Corporation and its consolidated subsidiaries, taken as a whole.

(f) Valid Incorporation; Subsidiaries. The Corporation and each subsidiary of the Corporation has been duly incorporated and is a validly existing corporation in good standing under the laws of the jurisdiction in which it was incorporated, has the corporate power to own or hold under lease the property it purports to own or hold under lease and to carry on the business in which it is engaged, and is duly licensed and duly qualified and is in good standing as a foreign corporation in each jurisdiction wherein the character of the property owned or held under lease by it, or the nature of the business transacted by it, makes such licensing or qualification necessary; and all the outstanding shares of the capital stock of the subsidiaries of the Corporation are owned directly, or indirectly through wholly owned subsidiaries, by the Corporation, free and clear of any material lien, pledge or other encumbrance, except for (i) directors' and officers' qualifying shares and (ii) shares of such stock representing minority interests reflected in the financial statements of the Corporation and its consolidated subsidiaries included in the Prospectus.

(g) Legality. At the date when the Prospectus Supplement is filed with, or mailed for filing to, the Commission pursuant to Rule 424(b) under the Securities Act and at each Representation Date thereafter, (i) the issuance and delivery of the Notes by the Corporation pursuant to this Agreement will have been duly and validly authorized by all necessary corporate action and no authorization, consent or approval of the stockholders and no further authorization or approval

of the Board of Directors of the Corporation will be required for the issuance, sale and delivery of the Notes as contemplated herein; (ii) neither such issuance, sale or delivery of the Notes nor the consummation of any other of the transactions herein contemplated will result in a breach by the Corporation of any terms of, or constitute a default under, any other agreement or undertaking of the Corporation; and (iii) no authorization, consent or approval of, or filing or registration with, or exemption by, any government or public body or authority of the United States or of any State or any department or subdivision thereof, other than such as may be required under the securities or blue sky laws of any jurisdiction and other than registration of the Notes under the Securities Act and qualification of the Indenture under the Trust Indenture Act, is required for the validity of the Notes or for the valid offering, issuance, sale and delivery of the Notes by the Corporation pursuant to this Agreement or for the execution and delivery by the Corporation of this Agreement and the Indenture.

(h) No Stop Order. The Commission has not issued any order preventing or suspending the use of the Prospectus as supplemented as of such Representation Date.

(i) Financial Statements. The financial statements included in the Registration Statement and the Prospectus, as amended or supplemented as of such Representation Date, present fairly the financial condition and results of operations of the entities purported to be shown thereby, at the dates and for the periods indicated, and have been, and in the case of financial statements included in any amendments or supplements as of such Representation Date will be, prepared, except as stated therein, in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved.

(j) Timely Filing of Documents. During the twelve calendar months and any portion of a calendar month immediately preceding the date of the filing of the Registration Statement with the Commission, the Corporation has timely filed all documents and amendments to previously filed documents required to be filed by it pursuant to Section 12, 13, 14 or 15(d) of the Exchange Act. The documents incorporated by reference into the Prospectus, as supplemented as of the applicable Representation Date, have been, and each document subsequently incorporated by reference therein

as of such Representation Date will be, prepared by the Corporation in conformity with the requirements of the Exchange Act and the rules and regulations thereunder and such documents have been, or in the case of documents subsequently incorporated by reference therein will be as of the applicable Representation Date, timely filed as required thereby. Copies of each of the documents incorporated by reference into the Prospectus, together with satisfactory evidence of the filing thereof and of the other documents and amendments referred to in the first sentence of this paragraph, have been, or as of the applicable Representation Date will be, delivered by the Corporation to each of you.

(k) Doing Business with Cuba. The Corporation confirms as of the date hereof, and each acceptance by the Corporation of an offer to purchase Notes will be deemed to be an affirmation, that the Corporation is in compliance with all provisions of Section 517.075 of the Florida Securities and Investor Protection Act relating to disclosure of business in Cuba, and the Corporation further agrees that it will continue so to comply in the future.

SECTION 2. Appointment of Agents; Solicitation by the Agents of Offers to Purchase; Sales of Notes to a Purchaser. (a) Subject to the terms and conditions stated herein, and subject to the reservation by the Corporation of the right to sell Notes directly on its own behalf, and to sell Notes to or through such other agents as the Corporation shall appoint from time to time:

(i) the Corporation hereby appoints the Agents as agents of the Corporation for the purpose of soliciting or receiving offers to purchase the Notes from the Corporation by others;

(ii) the Corporation shall notify the Agents of any sale made to or through other agents on or promptly after the settlement date for such sale. This Agreement shall apply only to sales of the Notes and not to sales of any other securities or evidences of indebtedness of the Corporation and only on the specific terms set forth herein;

(iii) on the basis of the representations and warranties contained herein, but subject to the terms and conditions herein set forth, each Agent agrees, as an agent of the Corporation, to use its reasonable best efforts to solicit offers to purchase the Notes upon

the terms and conditions set forth in the Prospectus, as supplemented from time to time. Except as provided in Section 2(b), under no circumstances will any Agent be obligated to purchase any Notes for its own account. It is understood and agreed, however, that any Agent may purchase Notes as principal pursuant to Section 2(b);

(iv) the Corporation reserves the right, in its sole discretion, to suspend solicitation of offers to purchase the Notes commencing at any time for any period of time or permanently. Upon receipt of at least one business day's prior notice from the Corporation, the Agents will forthwith suspend solicitation of offers to purchase Notes from the Corporation until such time as the Corporation has advised the Agents that such solicitation may be resumed. For the purpose of the foregoing sentence, "business day" shall mean any day which is not a Saturday or Sunday or a legal holiday and which is not a day on which banking institutions are authorized or required by law or regulation to close in New York, New York. The suspension of solicitation of offers to purchase the Notes by the Corporation shall likewise suspend until the next Representation Date the representations and warranties set forth in Section 1 and the covenants set forth in Sections 4 and 9 except as and to the extent provided in Section 13;

(v) promptly upon the closing of the sale of any Notes sold by the Corporation as a result of a solicitation made by an Agent, the Corporation agrees to pay such Agent a commission in accordance with the schedule set forth in Exhibit A hereto;

(vi) the Agents are authorized to solicit offers to purchase the Notes only in denominations of U.S. \$100,000 <sup>2/</sup> or any amount in excess thereof which is an integral multiple of U.S. \$1,000, at a purchase price equal to 100% of the principal amount thereof or such other principal amount as shall be specified by the Corporation. Each Agent shall communicate to the Corporation, orally or in writing, each reasonable

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2/ Or the equivalent (rounded down to an integral multiple of 10,000 units of the denomination specified in a supplement to the Prospectus) in the relevant foreign currency or currency unit, or such larger amount in integral multiples of 10,000 units of such denomination.

offer to purchase Notes received by it as an Agent other than those rejected by such Agent pursuant to the next sentence. Each Agent shall have the right, in its discretion reasonably exercised without advising the Corporation, to reject any offer to purchase the Notes received by it, in whole or in part, and any such rejection shall not be deemed a breach of its agreement contained herein. The Corporation shall have the sole right to accept offers to purchase the Notes and may reject any such offer in whole or in part;

(vii) the Procedures may be amended in writing from time to time by mutual agreement of the Agents and the Corporation after notice to, and with the approval of, the Trustee. Each Agent and the Corporation agree to perform the respective duties and obligations specifically provided to be performed by each of them herein and in the Procedures; and

(viii) the documents required to be delivered by Section 6 hereof shall be delivered at the offices of Cravath, Swaine & Moore, 825 Eighth Avenue, New York, New York 10019 not later than 10:00 A.M., New York City time, on the date of this Agreement or at such later time or other location in New York City as may be mutually agreed upon by the Corporation and the Agents, which in no event shall be later than the time at which the Agents commence solicitation of offers to purchase Notes hereunder (the "Closing Date").

(b) Subject to the terms and conditions stated herein, whenever the Corporation and any of you determines that the Corporation shall sell Notes directly to any of you as principal, each such sale of Notes shall be made in accordance with the terms of this Agreement and a supplemental agreement relating to such sale. Each such supplemental agreement, which may be either oral or written, is herein referred to as a "Terms Agreement":

(i) each Terms Agreement shall describe to the extent as appropriate the Notes to be purchased by the Purchaser pursuant thereto and shall specify the aggregate principal amount of such Notes, the price to be paid to the Corporation for such Notes, the currency in which such Notes are issued, the maturity date of such Notes, the rate at which interest will be paid on such Notes, the dates on which interest will be paid on such Notes and the record date with respect to each such payment of interest, the Closing Date for the purchase of such Notes, the place of delivery of the Notes and payment therefor, the method of payment, the

portion of the expenses described in Section 5 to be paid or reimbursed to the Corporation by the Purchaser and any requirements for the delivery of opinions of counsel, certificates from the Corporation or its officers or a letter from the Corporation's independent public accountants as described in Section 7(f). Any such Terms Agreement may also specify the period of time referred to in Section 4(k). Any written Terms Agreement may be in the form attached hereto as Exhibit C. The Purchaser's commitment to purchase Notes shall be deemed to have been made on the basis of the representations and warranties of the Corporation herein contained and shall be subject to the terms and conditions herein set forth;

(ii) delivery of the certificates for Notes sold to the Purchaser pursuant to a Terms Agreement shall be made not later than the Closing Date agreed to in such Terms Agreement, against payment of funds to the Corporation in the net amount due to the Corporation for such Notes by the method and in the form set forth in such Terms Agreement; and

(iii) unless otherwise agreed to between the Corporation and the Purchaser in a Terms Agreement, any Note sold to a Purchaser (A) shall be purchased by such Purchaser at a price equal to 100% of the principal amount thereof less a percentage equal to the commission applicable to an agency sale of a Note of identical maturity and (B) may be resold by such Purchaser at varying prices from time to time or, if set forth in the applicable Terms Agreement and pricing supplement, at a fixed public offering price. In connection with any resale of Notes purchased, a Purchaser may use a selling or dealer group and may reallow to any broker or dealer any portion of the discount or commission payable pursuant hereto.

SECTION 3. Offering and Sale of Notes. Each Agent and the Company agree to perform the respective duties and obligations specifically provided to be performed by them in the Procedures.

SECTION 4. Covenants of the Corporation. The Corporation covenants and agrees:

(a) To furnish promptly to each of you and to your counsel a signed copy of the Registration Statement as originally filed and each amendment or supplement thereto, and a copy of each Prospectus filed with the Commission, including all supplements thereto and all documents incorpo-

rated therein by reference and all consents and exhibits filed therewith.

(b) To deliver promptly to each of you such number of the following documents as each of you may reasonably request: (i) conformed copies of the Registration Statement (excluding exhibits other than the computation of the ratio of earnings to fixed charges, the Indenture and this Agreement), (ii) the Basic Prospectus, each preliminary prospectus and the Prospectus and (iii) any documents incorporated by reference in the Prospectus.

(c) If, during any period in which, in the opinion of your counsel, a prospectus relating to the Notes is required to be delivered under the Securities Act in respect of Notes being offered for sale by any of you, any event relating to or affecting the Corporation occurs as a result of which the Prospectus would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Securities Act (other than periodic reports under the Exchange Act that are timely filed), to notify each of you promptly to suspend solicitation of purchases of the Notes; and if the Corporation shall decide to amend or supplement the Registration Statement or the Prospectus, to promptly advise each of you by telephone (with confirmation in writing) and to promptly prepare and timely file with the Commission an amendment or supplement which will correct such statement or omission or an amendment which will effect such compliance; provided, however, that if during the period referred to above, in the case of a sale made pursuant to a Terms Agreement, the Corporation shall promptly prepare and timely file with the Commission any amendment or supplement to the Registration Statement or any Prospectus that may, in the judgment of the Corporation or the Purchaser, be required by the Securities Act or requested by the Commission.

(d) To timely file with the Commission during the period referred to in (c) above all documents (and any amendments to previously filed documents) required to be filed by the Corporation pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act.

(e) Upon filing with the Commission during the period referred to in (c) above (i) any amendment or supplement to the Registration Statement, (ii) any amendment or supplement to the Prospectus or (iii) any document incorporated by reference in any of the foregoing or any amendment

of or supplement to any such incorporated document, to furnish a copy thereof to each of you.

(f) During the period referred to in (c) above, to advise each of you (i) when any post-effective amendment to the Registration Statement relating to or covering the Notes becomes effective, (ii) of any demand by the Commission for an amendment or supplement to the Registration Statement, to the Prospectus, to any document incorporated by reference in any of the foregoing or for any additional information (other than any demand for an amendment or supplement to or additional information concerning documents hereafter filed with the Commission pursuant to the Exchange Act and incorporated by reference in the Registration Statement and Prospectus, where the failure to comply with such request would not cause the Registration Statement or the Prospectus, as then supplemented or amended, to fail to comply in any material respect with the provisions of the Securities Act and the applicable Rules or to contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading), (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any part thereof or any order directed to the Prospectus or any document incorporated therein by reference or the initiation or threat of any stop order proceeding, (iv) of receipt by the Corporation of any notification with respect to the suspension of the qualification of the Notes for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose and (v) of the happening of any event relating to or affecting the Corporation which makes untrue any statement of a material fact made in the Registration Statement or the Prospectus or which requires the making of a change in the Registration Statement or the Prospectus in order to make any material statement therein not misleading.

(g) If, during the period referred to in (c) above, the Commission shall issue a stop order suspending the effectiveness of the Registration Statement, to make every reasonable effort to obtain the lifting of that order at the earliest possible time.

(h) As soon as practicable, but not later than 18 months, after the date of each acceptance by the Corporation of an offer to purchase Notes hereunder, to make generally available to its security holders and each of you an earnings statement or statements which will satisfy the provisions of Section 11(a) of the Securities Act

(including, at the option of the Corporation, Rule 158 of the Rules).

(i) So long as any of the Notes are outstanding (including by way of resale by a Purchaser of Notes), to furnish to each of you, not later than the time the Corporation makes the same available to others, copies of all public reports or press releases (i) sent by the Corporation over the P.R. Newswire, (ii) furnished by the Corporation to any securities exchange on which the Notes are listed pursuant to requirements of or agreements with such exchange or (iii) filed with the Commission pursuant to the Exchange Act or any rule or regulation of the Commission thereunder.

(j) To endeavor, in cooperation with each of you, to qualify the Notes for offering and sale under the securities laws of such jurisdictions as each of you may designate, and to maintain such qualifications in effect for as long as may be required for the distribution of the Notes, and to file such statements and reports as may be required by the laws of each jurisdiction in which the Notes have been qualified as above provided; provided, however, that the Corporation shall not be required to register or qualify as a foreign corporation nor, except as to matters and transactions relating to the offer or sale of the Notes, take any action which would subject it to service of process generally in any jurisdiction.

(k) During the period, if any, specified (whether orally or in writing) in any Terms Agreement, the Corporation shall not, without the prior consent of the Purchaser thereunder, offer, sell or contract to sell, or otherwise dispose of, directly or indirectly, or announce the offering of, any debt securities issued or guaranteed by the Corporation (other than the Notes being sold pursuant to such Terms Agreement, borrowings under the Corporation's revolving credit agreements and lines of credit, the private placement of securities and issuances of the Corporation's commercial paper).

SECTION 5. Payment of Expenses. The Corporation will pay (i) the costs incident to the authorization, issuance, sale and delivery of the Notes and any taxes payable in that connection, (ii) the costs incident to the preparation, printing and filing under the Securities Act of the Registration Statement and any amendments and exhibits thereto, (iii) the costs incident to the preparation, printing and filing of any document and any amendments and exhibits thereto required to be filed by the Corporation

under the Exchange Act, (iv) the costs of distributing, as each of you may reasonably request, the Registration Statement, as originally filed, and each amendment and post-effective amendment thereof (including exhibits), any preliminary prospectus, the Basic Prospectus, the Prospectus, any supplement or amendment to the Prospectus and any documents incorporated by reference in any of the foregoing documents, (v) the fees and disbursements of the Trustee, any paying agent, any calculation agent, any exchange rate agent and any other agents appointed by the Corporation, and their respective counsel, (vi) the costs and fees in connection with the listing of the Notes on any securities exchange, (vii) the cost of any filings with the National Association of Securities Dealers, Inc., (viii) except to the extent paid or reimbursed to the Corporation by a Purchaser pursuant to a Terms Agreement (which payment or reimbursement shall be in an amount proportional to the principal amount of Notes sold under such Terms Agreement to \$ ), the reasonable fees and disbursements of counsel to the Corporation and your counsel, (ix) the fees paid to rating agencies in connection with the rating of the Notes, (x) the fees and expenses of qualifying the Notes under the securities laws of the several jurisdictions as provided in Section 4(j) hereof and of preparing and printing a Blue Sky Memorandum and a memorandum concerning the legality of the Notes as an investment (including the reasonable fees and expenses of your counsel in connection therewith), (xi) all advertising expenses in connection with the offering of the Notes incurred with the consent of the Corporation and (xii) other costs and expenses incurred by the Corporation in connection with the performance of its obligations under this Agreement.

SECTION 6. Conditions of Obligations of the Agents. The obligations of the Agents, as agents of the Corporation, under this Agreement to solicit offers to purchase the Notes, and the obligation of any person who has agreed to purchase Notes sold through an Agent as agent to make payment for and take delivery of Notes, are subject to the accuracy on each Representation Date of the representations and warranties of the Corporation contained herein, to the performance by the Corporation of its obligations hereunder, and to each of the following additional terms and conditions:

(a) If filing of the Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), the Prospectus, and any such supplement, shall have been filed in the manner and within the time period required by Rule 424(b); no stop order suspending the effectiveness of the Registration Statement or any part thereof nor any order

directed to any document incorporated by reference in the Prospectus shall have been issued; no stop order proceeding shall have been initiated or threatened by the Commission; no challenge shall have been made by the Commission and shall not have been satisfactorily answered or remedied by the Corporation to the accuracy or adequacy of any document incorporated by reference in the Prospectus in any respect that would constitute a failure of the Prospectus, as supplemented, to comply in any material respect with the provisions of the Securities Act and the applicable Rules or that, if substantiated, would mean that the Prospectus, as supplemented, would contain any untrue statement of a material fact or would omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading; any request of the Commission of the nature referred to in Section 4(f)(ii) shall have been complied with.

(b) No order suspending the sale of the Notes in any jurisdiction designated by the Agents pursuant to Section 4(j) hereof shall have been issued, and no proceeding for that purpose shall have been initiated or threatened.

(c) The Agents shall not have discovered and disclosed to the Corporation that the Registration Statement or any Prospectus contains an untrue statement of a fact which, in the opinion of counsel for the Agents, is material or omits to state a fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Notes, the Indenture, the form of the Registration Statement, the Prospectus (other than financial statements and other financial data) and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be satisfactory in all respects to counsel for the Agents and the Corporation shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(e) At the Closing Date, the Agents shall have received the opinion, addressed to the Agents and dated the Closing Date, of the General Counsel of the Corporation or the Assistant General Counsel of the Corporation, in form and substance satisfactory to the Agents and their counsel, to the effect that:

(i) the Corporation has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware, and has the corporate power to own or hold under lease the property it purports to own or hold under lease and to carry on the business in which it is engaged;

(ii) the form of the Notes and the Indenture conform in all material respects to the descriptions thereof contained in the Registration Statement and the Prospectus;

(iii) the issuance, sale and delivery of the Notes by the Corporation pursuant to this Agreement have been duly and validly authorized by all necessary corporate action; and no authorization, consent or approval of, or filing or registration with, or exemption by, any government or public body or authority of the United States or of any State or any Department or subdivision thereof, other than such as may be required under the securities or blue sky laws of any jurisdiction, is required for the validity of the Notes or for the valid offering, issuance, sale and delivery of the Notes by the Corporation pursuant to this Agreement or for the execution and delivery by the Corporation of this Agreement and the Indenture;

(iv) the Indenture has been duly and validly authorized, executed and delivered by the Corporation and constitutes an instrument valid and binding on the Corporation and enforceable in accordance with its terms (except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (b) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability);

(v) the Notes, when issued in a form conforming to the specimens thereof examined by such counsel, will be in a form contemplated by the Indenture and, assuming due execution of the Notes on behalf of the Corporation and authentication thereof by the Trustee, upon the delivery thereof and payment therefor as provided in this Agreement, the Notes will constitute valid and binding obligations of the Corporation enforceable in accordance with their respective terms (except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (b) rights of acceleration and the

availability of equitable remedies may be limited by equitable principles of general applicability), entitled to the benefits of the Indenture;

(vi) this Agreement has been duly authorized, executed and delivered by the Corporation, and the performance of this Agreement and the consummation of the transactions herein contemplated will not result in a breach of any of the terms or provisions of, or constitute a default under, the Restated Certificate of Incorporation or By-laws of the Corporation or, to the knowledge of such counsel, any law, administrative regulation or court decree applicable to the Corporation or by which the Corporation or any of its proper ties is bound or affected (except to the extent that the enforceability of the indemnity provisions of this Agreement may be limited by securities laws or public policy);

(vii) the performance of this Agreement and the consummation of the transactions herein contemplated will not result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, deed of trust, note, note agreement or other agreement or instrument known to such counsel to which the Corporation or any of its subsidiaries is a party or by which the Corporation or any of its subsidiaries or any of their properties is bound or affected;

(viii) the Registration Statement and any amendments thereof have become and are effective and the Registration Statement, the Prospectus and each amendment thereof or supplement thereto, as of their respective effective or issue dates, complied as to form in all material respects with the requirements of the Securities Act, and the Rules (except that no opinion need be expressed as to financial statements and other financial data), the Securities are registered under the Securities Act, and the Indenture has been qualified under the Trust Indenture Act; and

(ix) in passing upon the form of the Registration Statement and the Prospectus, such counsel has necessarily assumed the correctness and completeness of the statements made or included therein and takes no responsibility therefor, except insofar as such statements relate to the description of the Notes or the Indenture or relate to such counsel; the statements with regard to such counsel made under the heading "Legal Opinions" in the Prospectus are correct; and such counsel has no reason to believe that (except as

aforesaid) the Registration Statement (or any post-effective amendment thereof) at the time it became effective contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein not misleading or that (except as aforesaid) the Prospectus (as amended or supplemented, if so amended or supplemented) contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the Closing Date.

(f) The Corporation shall have furnished to the Agents on the Closing Date a certificate of the Corporation, dated the Closing Date, signed on its behalf by the President, the Vice President-Finance or the Treasurer, stating that:

(i) The representations, warranties and agreements of the Corporation in section 1 hereof are true and correct in all material respects as of the date of such certificate with the same effect as if made on such date; and the Corporation has not received any notice that the conditions set forth in Section 5(a) hereof will not be satisfied as of the Closing Date or any other Representation Date; and

(ii) The person executing such certificate has examined the Registration Statement and the Prospectus and, in such person's opinion, (A) the Registration Statement at the date thereof, or as of the most recent amendment thereto, if any, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (B) the Prospectus as supplemented at the date of such certificate does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (other than the information to be provided in pricing supplements thereto as contemplated by Section 1(a) hereof), and (C) since the effective date of the Registration Statement (or the most recent amendment thereto, if any) there has not occurred any event required to be set forth in an amendment to the Registration Statement which has not been so set forth.

(g) The Corporation shall have furnished to the Agents on the Closing Date a letter of Arthur Andersen LLP, addressed jointly to the Corporation and the Agents and dated the Closing Date, of the type described in the American Institute of Certified Public Accountants Statement on Auditing Standards No. 76 substantially in the form hereto fore approved by the Agents, covering such specified financial statement items and procedures as the Agents may reasonably request and in form and substance reasonably satisfactory to the Agents.

(h) There shall not have occurred, since the date of this Agreement, in the case of the obligations of the Agents to solicit offers, or since the date of the Corporation's acceptance of an offer to purchase Notes, in the case of the obligation to purchase such Notes: any material adverse change in, or any adverse development which materially affects the business, properties, condition (financial or other), results of operations or prospects of the Corporation and its consolidated subsidiaries taken as a whole; a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the establishment of minimum prices on such exchange; a general moratorium on commercial banking activities declared by either federal or New York State authorities; any material adverse change in the existing financial, political or economic conditions in the United States or elsewhere; an outbreak or escalation of major hostilities involving the United States or the declaration of a national emergency or war by the United States; or any downgrading in the rating accorded the Corporation's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act, or any public announcement by any such organization that the rating accorded any of the Corporation's debt securities have been placed under surveillance or review with possible negative implications, if the effect thereof in the judgment of such Agent or purchaser makes it impracticable or inadvisable to proceed with the solicitation of offers to purchase Notes or the purchase of Notes from the Corporation, as the case may be.

(i) Prior to the Closing Date, the Corporation shall have furnished to the Agents such further information, certificates and documents as the Agents or counsel to the Agents may reasonably request.

All opinions, letters, evidence and certificates mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof only

if they are in form and substance satisfactory to counsel for the Agents.

SECTION 7. Conditions to the Obligations of a Purchaser. The obligations of a Purchaser to purchase any Notes will be subject to the accuracy of the representations and warranties on the part of the Corporation herein as of the date of the related Terms Agreement and as of the Closing Date for such Notes, to the performance and observance by the Corporation of all covenants and agreements herein contained on its part to be performed and observed and to the following additional conditions precedent:

(a) If filing of the Prospectus, or any supplement thereto, is required pursuant to Rule 424(b), the Prospectus, and any such supplement, shall have been filed in the manner and within the time period required by Rule 424(b); no stop order suspending the effectiveness of the Registration Statement or any part thereof nor any order directed to any document incorporated by reference in the Prospectus shall have been issued; no stop order proceeding shall have been initiated or threatened by the Commission; no challenge shall have been made by the Commission and shall not have been satisfactorily answered or remedied by the Corporation to the accuracy or adequacy of any document incorporated by reference in the Prospectus in any respect that would constitute a failure of the Prospectus, as supplemented, to comply in any material respect with the provisions of the Securities Act and the applicable Rules or that, if substantiated, would mean that the Prospectus, as supplemented, would contain any untrue statement of a material fact or would omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances in which they were made, not misleading; any request of the Commission of the nature referred to in Section 4(f)(ii) shall have been complied with.

(b) No order suspending the sale of the Notes in any jurisdiction designated by the Purchaser pursuant to Section 4(j) hereof shall have been issued, and no proceeding for that purpose shall have been initiated or threatened.

(c) The Purchaser shall not have discovered and disclosed to the Corporation that the Registration Statement or any Prospectus contains an untrue statement of a fact which, in the opinion of counsel

for the Purchaser, is material or omits to state a fact which, in the opinion of such counsel, is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) All corporate proceedings and other legal matters incident to the authorization, form and validity of this Agreement, the Notes, the Indenture, the form of the Registration Statement, the Prospectus (other than financial statements and other financial data) and all other legal matters relating to this Agreement and the transactions contemplated hereby shall be satisfactory in all respects to counsel for the Purchaser and the Corporation shall have furnished to such counsel all documents and information that they may reasonably request to enable them to pass upon such matters.

(e) Each Terms Agreement shall be subject to termination in the absolute discretion of the Purchaser, by notice given to the Company prior to delivery of any payment for any Note to be purchased thereunder, if prior to such time: any material adverse change in, or any adverse development which materially affects the business, properties, condition (financial or other), results of operations or prospects of the Corporation and its consolidated subsidiaries taken as a whole; a suspension or material limitation in trading in securities generally on the New York Stock Exchange or the establishment of minimum prices on such exchange; a general moratorium on commercial banking activities declared by either federal or New York State authorities; any material adverse change in the existing financial, political or economic conditions in the United States or elsewhere; an outbreak or escalation of major hostilities involving the United States or the declaration of a national emergency or war by the United States; or any downgrading in the rating accorded the Corporation's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Securities Act, or any public announcement by any such organization that the rating accorded any of the Corporation's debt securities have been placed under surveillance or review with possible negative implications, if the effect thereof in the judgment of such Purchaser makes it impracticable or inadvisable to proceed with the purchase of Notes from the Corporation.

(f) To the extent agreed to between the Corporation and the Purchaser in a Terms Agreement, the Purchaser shall have received, appropriately updated, (i) a certificate of the Corporation, dated as of the Closing Date, to the effect set forth in Section 6(f) (except that references to the Prospectus shall be to the Prospectus as supplemented as of the date of such Terms Agreement), (ii) the opinion of the General Counsel of the Corporation or the Assistant General Counsel of the Corporation, dated as of the Closing Date, to the effect set forth in Section 6(e), and (iii) letter of Arthur Andersen LLP, independent accountants for the Corporation, dated as of the Closing Date, to the effect set forth in Section 6(g).

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

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

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

SECTION 9. Additional Covenants of the Corporation. The Corporation covenants and agrees that:

(a) Each acceptance by it of an offer for the purchase of Notes solicited by an Agent hereunder shall be deemed to be an affirmation that the representations and warranties of the Corporation contained in this Agreement

are true and correct at the time of such acceptance, and an undertaking that such representations and warranties will be true and correct at the time of delivery to the purchaser or his agent of the Notes relating to such acceptance as though made at and as of each such time (and it is understood that such representations and warranties shall relate to the Registration Statement and the Prospectus as amended or supplemented to each such time).

(b) Each time that the Registration Statement or the Prospectus shall be amended or supplemented (other than by a pricing supplement or an amendment or supplement providing solely for a change in the interest rates or maturities of the Notes or a change in the principal amount of Notes remaining to be sold or similar changes and other than by the filing of a document incorporated by reference into the Prospectus other than the documents specified below) or the Corporation files with the Commission an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q, or a Current Report on Form 8-K pursuant to Item 1, 2, 4, or 6 of such Form, the Corporation shall, concurrently with or promptly after such amendment, supplement or filing, furnish the Agents with a certificate of the President, the Vice President--Finance or the Treasurer of the Corporation in form satisfactory to the Agents to the effect that the statements contained in the certificate referred to in Section 6(f) hereof which was last furnished to the Agents are true and correct at the time of such amendment, supplement or filing, as the case may be, as though made at and as of such time (except that such statements shall be deemed to relate to the Registration Statement and the Prospectus as amended and supplemented to such time) or, in lieu of such certificate, a certificate of the same tenor as the certificate referred to in said Section 6(f), modified as necessary to relate to the Registration Statement and the Prospectus as amended and supplemented to the time of delivery of such certificate; provided, however, that if at the time of such amendment or supplement, the Corporation is not accepting offers to purchase the Notes or has instructed the Agents to cease their solicitation of offers to purchase the Notes, then the certificate required to be delivered pursuant to this Section 9(b) shall not be required until the Corporation requests that the Agents resume the solicitation of offers to purchase Notes.

(c) Each time that the Registration Statement or the Prospectus shall be amended or supplemented (other than by a pricing supplement or an amendment or supplement providing solely for a change in the interest rates or maturities of the Notes or a change in the principal amount of Notes remaining to be sold or similar changes and other

than by the filing of a document incorporated by reference into the Prospectus other than the documents specified below) or the Corporation files with the commission an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q, or a Current Report on Form 8-K pursuant to Item 1, 2, 4, or 6 of such Form, the Corporation shall, concurrently with or promptly after such amendment, supplement or filing, furnish the Agents and their counsel with the written opinion of the General Counsel or the Assistant General Counsel of the Corporation, addressed to the Agents and dated the date of delivery of such opinion, in form satisfactory to the Agents, of the same tenor as the opinion referred to in Section 6(e) hereof, but modified, as necessary, to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of delivery of such opinion; provided, however, that in lieu of such opinion, such counsel may furnish the Agents with a letter to the effect that the Agents may rely on such prior opinion to the same extent as though it was dated the date of such letter authorizing reliance (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented to the time of delivery of such letter authorizing reliance); provided, further, however, that if at the time of such amendment or supplement, the Corporation is not accepting offers to purchase the Notes or has instructed the Agents to cease their solicitation of offers to purchase the Notes, then the opinion or letter required to be delivered pursuant to this Section 9(c) shall not be required until the Corporation requests that the Agents resume the solicitation of offers to purchase Notes.

(d) Each time that the Registration Statement or the Prospectus shall be amended or supplemented to include additional financial information (other than by the filing of a document incorporated by reference into the Prospectus other than the documents specified below) or the Corporation files with the Commission an Annual Report on Form 10-K, a Quarterly Report on Form 10-Q or a current Report on Form 8-K pursuant to Item 2 or 4 of such Form, the Corporation shall cause Arthur Andersen LLP (or the Corporation's then current independent public accountants) to furnish the Agents, concurrently with or promptly after such amendment, supplement or filing, a letter, addressed jointly to the Corporation and the Agents and dated the date of delivery of such letter, in form and substance reasonably satisfactory to the Agents, of the same tenor as the letter referred to in Section 6(g) hereof but modified to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter, with such changes as may be necessary to reflect changes in the financial

statements and other information derived from the accounting records of the Corporation; provided, however, that if the Registration Statement or the Prospectus is amended or supplemented solely to include financial information as of and for a fiscal quarter, Arthur Andersen LLP may limit the scope of such letter to the unaudited financial statements included in such amendment or supplement unless there is contained therein any other accounting, financial or statistical information that, in the reasonable judgment of the Agents, should be covered by such letter, in which event such letter shall also cover such other information; provided, further, however, that if at the time of such amendment or supplement, the Corporation is not accepting offers to purchase the Notes or has instructed the Agents to cease their solicitation of offers to purchase the Notes, then the letter required to be delivered pursuant to this Section 9(d) shall not be required until the Corporation requests that the Agents resume the solicitation of offers to purchase Notes.

SECTION 10. Indemnities. (a) By the Corporation. The Corporation agrees to indemnify and hold harmless each of you and each person who controls each of you within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages or liabilities, joint or several, to which you, they or any of you or them may become subject under the Securities Act, the Exchange Act or any other statute or common law, and to reimburse each such indemnified party for any legal or other expenses reasonably incurred by them in connection with investigating any claims and defending any actions, insofar as such losses, claims, damages, liabilities or actions arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any post-effective amendment thereof, or the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus, if used prior to the issue date of the Prospectus, or contained in the Prospectus (as amended or supplemented, if the Corporation shall have filed with the Commission any amendment thereof or supplement thereto), if, in the case of a sale made by the Agents, used within the period during which the Agents are authorized to solicit offers to purchase the Notes as provided in Section 2(a)(iv) hereof, or the omission or alleged omission to state therein (if so used) a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not

misleading; provided, however, that the indemnity agreement contained in this Section 10(a) shall not apply to any such losses, claims, damages, liabilities or actions arising out of, or based upon, any such untrue statement or alleged untrue statement, or any such omission or alleged omission if such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Corporation by or on behalf of any of you for use in connection with the preparation of the Registration Statement, any preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto, or was contained in that part of the Registration Statement constituting the Statement of Eligibility and Qualification (Form T-1) under the Trust Indenture Act of the Trustee; and provided, further, such indemnity with respect to the Prospectus or any preliminary prospectus shall not inure to the benefit of an Agent or a Purchaser (or any person controlling such Agent or such Purchaser) if the person asserting any such loss, claim, damage or liability purchased the Notes which are the subject thereof from such Agent or such Purchaser and such person did not receive a copy of the Prospectus (or the Prospectus as supplemented) excluding documents incorporated therein by reference at or prior to the confirmation of the sale of such Notes to such person in any case where such delivery is required by the Securities Act and the untrue statement or omission of a material fact contained in the Prospectus or any preliminary prospectus was corrected in the Prospectus (or the Prospectus as supplemented). The indemnity agreement contained in this Section 10(a) is subject to the undertaking of the Corporation with respect to indemnification of officers and directors of the Corporation contained in the Registration Statement, but only to the extent stated in said undertaking.

(b) By the Agents. Each Agent or Purchaser agrees, in the manner and to the same extent as set forth in Section 10(a) hereof, to indemnify and hold harmless the Corporation, each person who controls the Corporation within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each director of the Corporation and each of its officers who shall have signed the Registration Statement, with respect to any statement in or omission from the Registration Statement or any post-effective amendment thereof or the Basic Prospectus, any preliminary prospectus or the Prospectus (as amended or supplemented, if so amended or supplemented), if such statement or omission was made in reliance upon and in conformity with information furnished as herein stated or otherwise furnished in writing to the Corporation by or on behalf of such Agent or such Purchaser for use in connection with the preparation of the

Registration Statement or any preliminary prospectus or the Prospectus or any such amendment thereof or supplement thereto.

(c) General. Each indemnified party will, promptly after the receipt of notice of the commencement of any action against such indemnified party in respect of which indemnity may be sought from an indemnifying party on account of an indemnity agreement contained in this Section 10, notify the indemnifying party in writing of the commencement thereof. The omission of any indemnified party so to notify an indemnifying party of any such action shall relieve such indemnifying party from any liability which it may have to such indemnified party on account of the indemnity agreement contained in this Section 10, but shall not relieve such indemnifying party from any other liability which it may have to such indemnified party. Except as provided in the next succeeding sentence, in case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party will be entitled to participate therein and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party, and after notice from such indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party will not be liable to such indemnified party under this Section 10 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. Such indemnified party shall have the right to employ its own counsel in any such action, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of such counsel has been authorized by the indemnifying party in connection with the defense of such action, (ii) the named parties to any such action (including any impleaded parties) include both such indemnified party and the indemnifying party and such indemnified party shall have been advised by such counsel that representation of both such indemnified party and the indemnifying party by the same counsel would be inappropriate due to actual or potential differing interests between them (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party, it being understood, however, that the indemnifying party shall not, in connection with any one such action, or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and

expenses with respect to any period during the pendency of such action or similar or related actions of more than one separate firm of attorneys for all indemnified parties so named, designated in writing by the Agents or the Purchaser if the indemnifying party is the Corporation or by the Corporation if the indemnifying party is any of the Agents or the Purchaser, it being further understood, however, that the firm of attorneys so designated may be changed from time to time with respect to different periods during the pendency of such action or similar or related actions) or (iii) the indemnifying party shall not have assumed the defense of such action and employed counsel therefor satisfactory to such indemnified party within a reasonable time after notice of commencement of such action, in any of which events such fees and expenses shall be borne by the indemnifying party.

The indemnifying party shall not be liable for any settlement of any action or claim effected without its consent, which consent shall not be unreasonably withheld.

(d) Contribution. If the indemnification provided for in this Section 10 shall for any reason be unavailable to an indemnified party under Section 10(a) or 10(b) hereof in respect of any loss, claim, damage or liability or any action in respect thereof, referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage or liability, or action in respect thereof, (i) in such proportion as shall be appropriate to reflect the relative benefits received by the Corporation on the one hand and by each of you on the other from the offering of the Notes or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Corporation on the one hand and by each of you on the other with respect to the statements or omissions which resulted in such loss, claim, damage or liability, or action in respect thereof, as well as any other relevant equitable considerations. The relative benefits received by the Corporation on the one hand and either Agent on the other with respect to such offering shall be deemed to be in the same proportion as the total net proceeds from the offering of the Notes (before deducting expenses) received by the Corporation bear to the total commissions received by such Agent with respect to such offering (or, in the case of Notes sold pursuant to a Terms Agreement, the aggregate commissions that would have been received by such Purchaser if such commissions had been

payable). The relative fault of the Corporation on the one hand and each of you on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Corporation or by each of you, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Corporation and each of you agree that it would not be just and equitable if contributions pursuant to this Section 10(d) were to be determined by pro rata allocation (even if both of you were treated as one entity for such purpose) or by any other method of allocation which does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, damage or liability, or action in respect thereof, referred to above in this Section 10(d) shall be deemed to include, for purposes of this Section 10(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such claim. Notwithstanding the provisions of this Section 10(d), neither Agent shall be required to contribute any amount in excess of the amount by which the total price at which the Notes sold through such Agent were offered to the public exceeds the amount of any damages which such Agent or Purchaser has otherwise paid or become liable to pay by reason of any untrue or alleged untrue statement or omission or alleged omission (or, in the case of Notes sold pursuant to a Terms Agreement, the aggregate commissions that would have been received by such Purchaser if such commissions had been payable). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) Survival of Indemnity and Contribution Agreements. The respective indemnity and contribution agreements of the Corporation and the Agents contained in this Section 10, and the representations and warranties of the Corporation set forth in Section 1 hereof, shall remain operative and in full force and effect, regardless of any termination or cancelation of this Agreement or any investigation made by or on behalf of (i) any of you or any such controlling person of any of you or (ii) the Corporation or any such controlling person, director or officer of the Corporation and shall survive the delivery of the Notes, and any successor of any of you or of any such controlling person or of the Corporation, or any legal representative of any such controlling person, director or officer, as the

case may be, shall be entitled to the benefit of the respective indemnity and contribution agreements.

SECTION 11. Status of Each Agent. In soliciting offers to purchase the Notes from the Corporation pursuant to this Agreement (other than offers to purchase pursuant to Section 2(b)), each Agent is acting solely as agent for the Corporation and not as principal. Each Agent will make reasonable efforts to assist the Corporation in obtaining performance by each purchaser whose offer to purchase Notes from the Corporation has been solicited by such Agent and accepted by the Corporation, but such Agent shall have no liability to the Corporation in the event any such purchase is not consummated for any reason. If the Corporation shall default in its obligations to deliver Notes to a purchaser whose offer it has accepted, the Corporation shall (i) hold the Agents harmless against any loss, claim or damage arising from or as a result of such default by the Corporation and (ii), in particular, pay to the Agents any commission to which they would be entitled in connection with such sale. The Corporation does not authorize either Agent to give any information or make any representations, other than those contained in the Prospectus, as from time to time amended or supplemented, in connection with the sale of the Notes.

SECTION 12. Representations and Warranties to Survive Delivery. All representations and warranties of the Corporation contained in this Agreement, or contained in certificates of officers of the Corporation submitted pursuant hereto, shall remain operative and in full force and effect, regardless of the termination or cancelation of this Agreement or any investigation made by or on behalf of any of you or any person controlling such of you or by or on behalf of the Corporation, and shall survive each delivery of and payment for any of the Notes.

SECTION 13. Termination. This Agreement may be terminated for any reason, at any time, by either the Corporation as to any Agent or an Agent insofar as this Agreement relates to such Agent upon the giving of one day's written notice of such termination to such Agent or the Corporation, as the case may be. The provisions of Sections 4(c) (with respect to Notes that have been sold but not yet delivered and with respect to Notes owned by a Purchaser), 4(h), 4(j), 5, 10, 11, 12, 15 and 16 hereof shall survive any such termination.

SECTION 14. Sales of Securities Denominated in a Foreign Currency. If at any time the Corporation and any of you shall determine to issue and sell Notes denominated in a

currency or currency unit other than U.S. dollars, which other currency may include a composite currency, the Corporation and such of you shall execute and deliver a Foreign Currency Amendment in the form attached hereto as Exhibit D. The Foreign Currency Amendment shall establish, as appropriate, additions and modifications to this Agreement that shall apply to the sales, whether offered on an agency or principal basis, of all Notes denominated in the currency or currency unit covered thereby.

SECTION 15. Notices. Except as otherwise provided herein, all notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if sent by registered mail or transmitted by any standard form of telecommunication. Notices to the Agents or the Purchaser shall be directed to them as follows: Notices to the Corporation shall be directed to it as follows: Air Products and Chemicals, Inc., 7201 Hamilton Boulevard, Allentown, Pennsylvania 18195-1501, Attention: Corporate Secretary.

SECTION 16. Binding Effect; Benefits. This Agreement shall be binding upon each of you, your respective successors, the Corporation, and its respective successors. This Agreement and the terms and provisions hereof are for the sole benefit of only each of you and these persons, except that (a) the indemnity agreement of the Corporation contained in Section 10 hereof shall also be deemed to be for the benefit of the person or persons, if any, who control each of you within the meaning of Section 15 of the Securities Act, and (b) the indemnity agreement of the Agents contained in Section 10 hereof shall be deemed to be for the benefit of directors of the Corporation, officers of the Corporation who have signed the Registration Statement and any persons controlling the Corporation within the meaning of Section 15 of the Securities Act. Nothing in this Agreement is intended or shall be considered to give any person, other than the persons referred to in this Section, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision contained herein. The term "successor" or the term "successors and assigns" as used in this Agreement shall not include any purchaser of Notes from an Agent.

SECTION 17. Governing Law; Counterparts. This Agreement shall be governed by and construed in accordance with the laws of New York. This Agreement may be executed in counterparts and the executed counterparts shall together constitute a single instrument.

If the foregoing correctly sets forth our agreement, please indicate your acceptance hereof in the space provided for that purpose below.

Very truly yours,

AIR PRODUCTS AND CHEMICALS, INC.,

by \_\_\_\_\_  
Title: Vice President and  
Treasurer

CONFIRMED AND ACCEPTED, as of the date first above written:

[AGENTS]

by \_\_\_\_\_  
Name:  
Title:

## [FORM OF FACE OF NOTE]

AIR PRODUCTS AND CHEMICALS, INC.  
MEDIUM-TERM NOTE, SERIES G  
DUE FROM 9 MONTHS TO 30 YEARS FROM DATE OF ISSUE  
(FIXED RATE)

Registered	Principal Amount
No. FX- Global Note: <input type="checkbox"/> Yes <input type="checkbox"/> No Depository:	CUSIP

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

[THIS SECURITY IS A GLOBAL SECURITY AS REFERRED TO IN THE INDENTURE HEREINAFTER REFERENCED. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE 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 BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.]

IF APPLICABLE THE "TOTAL AMOUNT OF OID," "YIELD TO MATURITY" AND "INITIAL ACCRUAL PERIOD OID" (COMPUTED UNDER THE APPROXIMATE METHOD) BELOW WILL BE COMPLETED SOLELY FOR THE PURPOSES OF APPLYING THE FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT ("OID") RULES.

Issue Price:	Record Dates:
Interest Rate:	Initial Accrual Period OID:
Interest Payment Dates:	Initial Redemption Date:
Original Issue Date:	Repayment Option Period(s):
Maturity Date:	Specified Currency:
Repayment Date(s):	U.S. Dollars <input type="checkbox"/>
Total Amount of OID:	Other: _____
Yield to Maturity:	U.S. Dollar Payments Option:

If applicable as described above, the Optional Redemption Price initially shall be \_\_\_% of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by \_\_\_% of

the principal amount to be redeemed until the Optional Redemption Price is 100% of such principal amount, together with interest thereon to the date fixed for redemption.

AIR PRODUCTS AND CHEMICALS, INC., a Delaware corporation (the "Issuer"), for value received, hereby promises to pay to

, or registered assigns, the principal sum of

PRINCIPAL AMOUNT

on the Maturity Date specified above or upon earlier redemption or repayment at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, State of New York, or such other location or locations as may be provided for pursuant to the Indenture referred to herein, in such coin, currency or currency unit specified above as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest semiannually on each Interest Payment Date in each year and on the Maturity Date or upon earlier redemption or repayment; commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above on said principal sum at the Interest Rate specified above from the most recent date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from the Original Issue Date, until the principal hereof becomes due and payable; provided, however, that any payment of principal or interest to be made on an Interest Payment Date, on the Maturity Date, on a date fixed for redemption or on a Repayment Date which is not a Business Day (as hereinafter defined) shall be made on the next succeeding Business Day with the same force and effect as if made on the Interest Payment Date, on the Maturity Date, on the date fixed for redemption or on the Repayment Date, as the case may be, and no additional interest shall accrue as a result of such delayed payment. For purposes of this Note, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, or, if this Note is denominated in a Specified Currency other than U.S. Dollars,

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Principal Financial Center of Country of Specified Currency

or, if this Note is denominated in European Currency Units, Brussels, Belgium. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the Record Date (whether or not a Business Day) immediately preceding such Interest Payment Date and interest payable on the Maturity Date or upon earlier redemption or repayment will be payable to the person to whom principal is payable, except that, if this Note is issued between a Record Date and the initial Interest Payment Date relating to such Record Date, interest for the period beginning on the Original Issue Date and ending on such initial Interest Payment Date shall be paid to the person to whom this Note shall have been originally issued. Payment of principal and interest on this Note will be made, if at maturity or upon earlier redemption, then on the Maturity Date or the date fixed for redemption, as applicable, upon surrender of this Note at the Corporate Trust Office of the Trustee in The City of New York, and if upon repayment prior to maturity, then on the applicable Repayment Date, provided that the holder shall have complied with the requirements for repayment set forth on the reverse hereof. All such payments shall be made in immediately available funds, provided that this Note is presented to the Corporate Trust Office of the Trustee in The City of New York in time for the Trustee to make such payments in such funds in accordance with its normal procedures. Any such payments made in a Specified Currency other than U.S. Dollars shall be made by wire transfer to an account maintained by the holder, as designated by the holder by written notice to the Trustee at least 15 calendar days prior to the date fixed for payment, with a bank located in the country of the Specified Currency. Payment of interest on this Note (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be made by check (from an account at a bank outside of the United States if such check is payable in a Specified Currency other than U.S. Dollars) mailed to the address of the person entitled thereto appearing on the register for the Notes on the applicable Record Date. At the option of the Issuer or a holder of Notes (as defined

on the reverse hereof) in an aggregate principal amount exceeding \$5 million or the equivalent in a Specified Currency, payment of interest on this Note (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be made by wire transfer to an account maintained by such holder with a bank located in the United States for a payment in U.S. Dollars or with a bank located in the country of the Specified Currency for other payments, provided that any such holder selecting such option shall have designated such account by written notice to the Trustee no later than the Record Date preceding the applicable Interest Payment Date. Any interest not punctually paid or duly provided for shall be payable as provided in the Indenture referred to on the reverse hereof.

Interest will be computed on the basis of a 360-day year of twelve 30-day months.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by or on behalf of the Trustee under the Indenture referred to on the reverse hereof.

AGENCY FOR TRANSFER, EXCHANGE AND PAYMENT: FIRST UNION NATIONAL BANK

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed in its name by the facsimile signatures of its duly authorized officers, and has caused its corporate seal to be affixed hereunto or imprinted hereon by facsimile.

Dated: \_\_\_\_\_ AIR PRODUCTS AND CHEMICALS, INC.

By:

\_\_\_\_\_  
Chairman of the Board

(CORPORATE SEAL)

Attest:

\_\_\_\_\_  
Vice President and Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

FIRST UNION  
NATIONAL BANK, as Trustee

By:

\_\_\_\_\_  
Authorized Officer

## [FORM OF REVERSE OF NOTE]

This Note is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Issuer (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of January 10, 1995 (the "Indenture"), duly executed and delivered by the Issuer to First Union National Bank (formerly First Fidelity Bank, National Association), as Trustee (the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders (the words "holders" or "holder" meaning the registered holders or registered holder of the Securities). The Securities may be issued in one or more series, which different series (and which securities issued within each series) may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption or repayment provisions (if any), may be subject to different sinking fund or analogous provisions (if any), may be subject to different Events of Default (as defined in the Indenture) and may otherwise vary as in the Indenture provided. This Note is one of a series designated as "Medium-Term Notes, Series G, Due from 9 Months to 30 Years from Date of Issue" (the "Notes") of the Issuer, limited in aggregate principal amount to U.S. \$300,000,000, or the equivalent thereof in the Specified Currency or Currencies.

In case an Event of Default with respect to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Issuer and the Trustee, with the consent of the holders of not less than 66-2/3% in aggregate principal amount of the Securities at the time outstanding (as defined in the Indenture) of all series to be affected (voting as one class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Securities of each such series; provided, however, that no such supplemental indenture 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 on redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.1 of the Indenture or the amount thereof provable in bankruptcy pursuant to Section 5.2 of the Indenture, or impair or affect the right of any Securityholder to institute suit for the payment thereof or the right of repayment, if any, at the option of the Securityholder 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 supplemental indenture, without the consent of the holder of each Security so affected. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution therefor, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the place, at the respective times, at the rate and in the coin, currency or currency unit herein prescribed unless in accordance with Section 10.1(c) or Section 10.2 of the Indenture the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S. Government Obligations and/or Foreign Government Securities (each as defined in the Indenture) as will be sufficient to pay interest due or to become due on the Notes to, and to pay the principal and any premium due on the Notes upon, the Maturity Date or upon earlier redemption or repayment.

The Issuer shall be deemed to have paid the principal of, premium, if any, and interest on the Notes when the same shall have become due and payable if in accordance with Section 10.1(c) or Section 10.2(A) the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S.

Government Obligations and/or Foreign Government Securities (each as defined in the Indenture) as will be sufficient to pay interest due or to become due on the Notes to, and to pay the principal and any premium due on the Notes upon, the Maturity Date or upon earlier redemption or repayment of the outstanding Notes.

The Notes are issuable in fully registered form without coupons in the minimum denomination of U.S. \$100,000 or the equivalent thereof in the Specified Currency, and in integral multiples of U.S. \$1,000 in excess thereof or 10,000 units of the Specified Currency.

If an Initial Redemption Date is specified on the face hereof, this Note may be redeemed at the option of the Issuer, as a whole or from time to time in part, on any date on or after such Initial Redemption Date and prior to maturity, upon mailing a notice of such redemption not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of Notes to be redeemed at their last registered addresses, all as further provided in the Indenture, at the Optional Redemption Prices, if any, specified on the face hereof (expressed in percentages of the principal amount) together, in each case, with accrued interest to the date fixed for redemption.

If a Repayment Date is specified or Repayment Dates are specified on the face hereof, this Note will be repayable at the option of the holder, in whole or from time to time in part, on such Repayment Date or Repayment Dates at 100% of the portion of the principal amount to be repaid, together with interest accrued on such portion to the Repayment Date on which repayment is sought. In order for this Note to be repaid, the Issuer must receive at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, during the period from and including the first day of the Repayment Option Period for the applicable Repayment Date to and including the close of business on the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day): (i) this Note with the form below entitled "Option to Elect Repayment" duly completed, or (ii) a telegram, telex, facsimile transmission or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or a trust company in the United States of America, dated no later than the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day) setting forth the name of the holder of the Note, the principal amount of the Note, the portion of the principal amount of the Note to be repaid, a statement that the option to elect repayment is being exercised thereby and a guarantee that the Note to be repaid in whole or in part (with the form entitled "Option to Elect Repayment" on the reverse of the Note duly completed) will be received at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, not later than five business days after the date of such telegram, telex, facsimile transmission or letter and such Note and form duly completed must be received at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, by such fifth business day. Effective exercise of any repayment option by the holder of any Note shall be irrevocable. No transfer or exchange of any Note (or, in the event that any Note is to be repaid in part, such portion of the Note to be repaid) will be permitted after exercise of a repayment option. A repayment option may be exercised by the holder of a Note for less than the entire principal amount of the Note, provided that the principal amount which is to be repaid is equal to \$1,000 or any integral multiple thereof for Notes denominated in U.S. Dollars or 10,000 units of the Specified Currency or any integral multiple thereof for Notes denominated in a Specified Currency other than U.S. Dollars. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment will be determined by the Issuer, whose determination will be final, binding and non-appealable. For purposes of this provision, "business day" means any day other than Saturday and Sunday or a legal holiday or any day on which banking institutions in New York, New York are authorized or required by law or regulation to close.

Upon due presentment for registration of transfer of this Note at the Corporate Trust Office of the Trustee or at such other office or agency as is designated by the Issuer in the Borough of Manhattan, The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount and like tenor will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith; provided, however, that if this Note is a Global Note (as specified on the face hereof), this Note is exchangeable only if (x) the Depository notifies the Issuer that it is unwilling or unable to continue as Depository for this Note or if at any time the Depository ceases to be in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statutes or regulations, and the Issuer does not appoint a successor Depository within 90 days after the Issuer received such notice or becomes aware of such ineligibility or (y) the Issuer in its sole discretion determines that this Note shall be

exchanged for certificated Notes in definitive form, provided that the definitive Notes so issued in exchange for this Note shall be in authorized denominations and be of like aggregate principal amount and tenure and terms as the portion of this Note to be exchanged.

If "yes" is specified under "U.S. Dollar Payments Option" on the face hereof, the registered holder of this Note shall be entitled to receive payments in U.S. Dollars at the Exchange Rate determined as set forth in the Indenture by notifying the Trustee at the time and in the manner described therein. Costs, if any, associated with the conversion of the Specified Currency into U.S. Dollars shall be borne by such holder through deduction from payments required to be made to such holder on this Note.

The Issuer will pay any administrative costs imposed by banks in connection with making payments on this Note by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the holder hereof.

The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Note, or because of any indebtedness evidenced thereby, shall be had against any incorporator, stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the issue hereof.

Undefined terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably requests and instructs the Issuer to repay the within Note (or the portion hereof specified below) pursuant to its terms at a price equal to 100% of the portion of the principal amount of the Note to be repaid together with interest accrued thereon to the Repayment Date, to the undersigned at

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Please print or typewrite name and address of the undersigned)

If less than the entire principal amount of the within Note is to be repaid, specify the portion thereof which the holder elects to have repaid \_\_\_\_\_; and specify the denomination or denominations (which shall be authorized denominations) of the Notes to be issued to the holder for the portion of the within Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature)

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM -- as tenants in common
- TEN ENT-- as tenants by the entirety
- JT TEN -- as joint tenants with right of survivorship and not as tenants in common

UNIF GIFT MIN ACT --.....Custodian.....  
 (Cust) (Minor)  
 under Uniform Gifts to Minors  
 Act.....  
 (State)

Additional abbreviations may also be used though not in the above list

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

the within Note of AIR PRODUCTS AND CHEMICALS, INC. and hereby does irrevocably constitute and appoint

\_\_\_\_\_ Attorney to transfer the said Note on the books of the within-named Issuer, with full power of substitution in the premises.

Dated \_\_\_\_\_

NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

## [FORM OF FACE OF NOTE]

AIR PRODUCTS AND CHEMICALS, INC.  
 MEDIUM-TERM NOTE, SERIES G  
 DUE FROM 9 MONTHS TO 30 YEARS FROM DATE OF ISSUE  
 (FLOATING RATE)

Registered Principal AmountNo. FL- CUSIPGlobal Note:  Yes  No

Depository:

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

[THIS SECURITY IS A GLOBAL SECURITY AS REFERRED TO IN THE INDENTURE HEREINAFTER REFERENCED. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE 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 BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. ]

IF APPLICABLE THE "TOTAL AMOUNT OF OID," "ORIGINAL YIELD TO MATURITY" AND "INITIAL ACCRUAL PERIOD OID" (COMPUTED UNDER THE APPROXIMATE METHOD) BELOW WILL BE COMPLETED SOLELY FOR THE PURPOSES OF APPLYING THE FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT ("OID") RULES.

Issue Price:	Base Rate:
Original Issue Date:	Index Maturity:
Maturity Date:	Reset Period:
Specified Currency: U.S. Dollars <input type="checkbox"/>	Spread (plus or minus):
Other:	Spread Multiplier:
U.S. Dollar Payments Option:	Maximum Interest Rate:
Initial Redemption Date:	Minimum Interest Rate:
Interest Determination Dates:	Initial Accrual Period OID:
Interest Reset Dates:	Original Yield to Maturity:



Payment of principal and interest on this Note will be made, if at maturity or upon earlier redemption, then on the Maturity Date or the date fixed for redemption, as applicable, upon surrender of this Note at the Corporate Trust Office of the Trustee in The City of New York, and if upon repayment prior to maturity, then on the applicable Repayment Date, provided that the holder shall have complied with the requirements for repayment set forth on the reverse hereof. All such payments shall be made in immediately available funds, provided that this Note is presented to the Corporate Trust Office of the Trustee in The City of New York in time for the Trustee to make such payments in such funds in accordance with its normal procedures. Any such payments made in a Specified Currency other than U.S. Dollars shall be made by wire transfer to an account maintained by the holder, as designated by the holder by written notice to the Trustee at least 15 calendar days prior to the date fixed for payment, with a bank located in the country of the Specified Currency. Payment of interest on this Note (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be made by check (from an account at a bank outside of the United States if such check is payable in a Specified Currency other than U.S. Dollars) mailed to the address of the person entitled thereto appearing on the register for the Notes on the applicable Record Date. At the option of the Issuer or a holder of Notes (as defined on the reverse hereof) in an aggregate principal amount exceeding \$5 million or the equivalent in a Specified Currency, payment of interest on this Note (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be made by wire transfer to an account maintained by such holder with a bank located in the United States for a payment in U.S. Dollars or with a bank located in the country of the Specified Currency for other payments, provided that any such holder selecting such option shall have designated such account by written notice to the Trustee no later than the Record Date preceding the applicable Interest Payment Date. Any interest not punctually paid or duly provided for shall be payable as provided in the Indenture referred to on the reverse hereof.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL FOR ALL PURPOSES HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by or on behalf of the Trustee under the Indenture referred to on the reverse hereof.

AGENCY FOR TRANSFER, EXCHANGE AND PAYMENT: FIRST UNION NATIONAL BANK

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed in its name by the facsimile signatures of its duly authorized officers, and has caused its corporate seal to be affixed hereunto or imprinted hereon by facsimile.

Dated: \_\_\_\_\_ AIR PRODUCTS AND CHEMICALS, INC.

By:

-----  
Chairman of the Board

(CORPORATE SEAL)

Attest:

-----  
Vice President and Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

FIRST UNION  
NATIONAL BANK, as Trustee

By: \_\_\_\_\_  
Authorized Officer

[FORM OF REVERSE OF NOTE]

AIR PRODUCTS AND CHEMICALS, INC.

This Note is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Issuer (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of January 10, 1995 (the "Indenture"), duly executed and delivered by the Issuer to First Union National Bank (formerly First Fidelity Bank, National Association), as Trustee (the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitations of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders (the words "holders" or "holder" meaning the registered holders or registered holder of the Securities). The Securities may be issued in one or more series, which different series (and which securities issued within each series) may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption or repayment provisions (if any), may be subject to different sinking fund or analogous provisions (if any), may be subject to different Events of Default (as defined in the Indenture) and may otherwise vary as in the Indenture provided. This Note is one of a series designated as "Medium-Term Notes, Series G, Due from 9 Months to 30 Years from Date of Issue" (the "Notes") of the Issuer, limited in aggregate principal amount to U.S. \$300,000,000, or the equivalent thereof in the Specified Currency or Currencies.

The rate of interest on this Note will be reset daily, weekly, monthly, quarterly, semiannually or annually (such type of period being the "Reset Period" for this Note, and the first day of each Reset Period being an "Interest Reset Date"), as specified on the face hereof. The Interest Reset Dates will be, if this Note has a daily Reset Period, each Business Day; if this Note has a weekly Reset Period and a Base Rate other than the Treasury Rate, Wednesday of each week; if this Note has a weekly Reset Period and the Base Rate is the Treasury Rate, Tuesday of each week; if this Note has a monthly Reset Period, the third Wednesday of each month; if this Note has a quarterly Reset Period, the third Wednesday of each March, June, September and December; if this Note has a semiannual Reset Period, the third Wednesday of each of two months of each year specified on the face hereof under "Interest Reset Dates"; and if this Note has an annual Reset Period, the third Wednesday of one month of each year specified on the face hereof under "Interest Reset Dates". If an Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next day that is a Business Day, except that, if the Base Rate is LIBOR, as indicated on the face hereof, if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the immediately preceding Business Day.

Except as provided below, interest on this Note will be payable, if this Note resets daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year, as specified on the face hereof; if this Note resets quarterly, on the third Wednesday of March, June, September and December of each year; if this Note resets semiannually, on the third Wednesday of each of two months of each year specified on the face hereof; and if this Note resets annually, on the third Wednesday of one month of each year specified on the face hereof (each such day being an "Interest Payment Date"). If an Interest Payment Date with respect to this Note would otherwise fall on a day that is not a Business Day, such Interest Payment Date will be the following day that is a Business Day, except that, if the Base Rate is

LIBOR, as indicated on the face hereof, if such Business Day falls in the next calendar month, such Interest Payment Date will be the immediately preceding Business Day.

Unless otherwise indicated on the face hereof, each payment of interest hereon will include interest accrued to but excluding the applicable Interest Payment Date. Accrued interest from the date of issue or from the last date to which interest has been paid will be calculated by multiplying the face amount of this Note by an accrued interest factor. This accrued interest factor is computed by adding the interest factors calculated for each day from the date of issue, or from the last date to which interest has been paid, to the date for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) for each such day is computed by dividing the interest rate (expressed as a decimal rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) applicable to such date by 360, if the Base Rate is the Commercial Paper Rate or LIBOR, as indicated on the face hereof, or by the actual number of days in the year if the Base Rate is the Treasury Rate.

The interest rate on this Note during any Reset Period will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application or the Maximum Interest Rate, if any, specified on the face hereof and will not be lower than the Minimum Interest Rate, if any, specified on the face hereof.

**DETERMINATION OF COMMERCIAL PAPER RATE.** If the Base Rate is the Commercial Paper Rate, as indicated on the face hereof, the "Commercial Paper Rate" for each Reset Period will be determined by the Calculation Agent as of the Business Day prior to the Interest Reset Date that commences such Reset Period (a "Commercial Paper Interest Determination Date") and shall be, with respect to any Commercial Paper Interest Determination Date, the Money Market Yield (as defined below) of the rate on that date for commercial paper having the Index Maturity designated on the face hereof placed on behalf of industrial issuers whose corporate bonds are rated "AA" or the equivalent, from a nationally recognized securities rating agency as such rate is made available by the Federal Reserve Bank of New York for such date. In the event that such rate is not made available by the Federal Reserve Bank of New York by 3:00 P.M., New York City time, on such Commercial Paper Interest Determination Date, then the Commercial Paper Rate for such Commercial Paper Interest Determination Date shall be calculated by the Calculation Agent and shall be the Money Market Yield of the arithmetic mean (each as rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) of the offered rates for such commercial paper quoted as of 11:00 A.M., New York City time, on such Commercial Paper Interest Determination Date by three leading dealers of commercial paper in The City of New York selected, after consultation with the Issuer by the Calculation Agent; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Commercial Paper Rate with respect to such Commercial Paper Interest Determination Date will be the Commercial Paper Rate in effect on such Commercial Paper Interest Determination Date.

"Money Market Yield" shall be a yield (expressed as a percentage rounded upwards, if necessary, to the nearest one hundred-thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360 \times 100}{360 - (D \times M)}$$

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

The interest rate for each Reset Period shall be determined by the Calculation Agent and shall be the Commercial Paper Rate applicable to such Reset Period plus or minus the Spread or multiplied by the Spread Multiplier, as indicated on the face hereof; provided, however, that the interest rate in effect for the period from the Original Issue Date to the first Interest Reset Date will be the Initial Interest Rate and the interest rate in effect for the ten days immediately prior to the Maturity Date, or, with respect to any portion of the principal amount hereof to be redeemed or repaid, if applicable, the date of redemption or Repayment Date, will be that in effect on the tenth day preceding such Maturity Date or such date of redemption or Repayment Date.

DETERMINATION OF LIBOR. If the Base Rate is LIBOR, as indicated on the face hereof, "LIBOR" for each Reset Period will be determined by the Calculation Agent as follows:

(i) On the second London Banking Day prior to the Interest Reset Date that commences such Reset Period (the "LIBOR Interest Determination Date"), LIBOR will be, as specified on the face hereof, either (a) the arithmetic mean of the offered rates for deposits having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, that appear on the Reuters Screen LIBO Page as of 11:00 A.M., London time, on such LIBOR Interest Determination Date, if at least two such offered rates appear on the Reuters Screen LIBO Page ("LIBOR Reuters"), or (b) the rate for deposits having the Index Maturity designated on the face hereof, commencing on the second London Business Day immediately following such LIBOR Interest Determination Date, that appears on Telerate Page 3750 as of 11:00 A.M., London Time, on such LIBOR Interest Determination Date ("LIBOR Telerate"). "Reuters Screen LIBO Page" means the display designated as page "LIBO" on the Reuters Monitor Money Rate Service (or such other page as may replace page LIBO on that service for the purpose of displaying London Interbank offered rates of major banks). "Telerate Page 3750" means the display designated as page "3750" on the Telerate Service (or such other page as may replace the 3750 page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London Interbank offered rates for deposits). If neither LIBOR Reuters nor LIBOR Telerate is specified on the face hereof, LIBOR will be determined as if LIBOR Telerate had been specified. If at least two such offered rates appear on the Reuters Screen LIBO Page, the rate in respect of such LIBOR Interest Determination Date will be the arithmetic mean of such offered rates as determined by the Calculation Agent. If fewer than two offered rates appear on the Reuters Screen LIBO Page, or if no rate appears on Telerate Page 3750, as applicable, LIBOR in respect of such LIBOR Interest Determination Date will be determined as if the parties had specified the rate described in (ii) below.

(ii) On any LIBOR Interest Determination Date on which fewer than two offered rates appear on the Reuters Screen LIBO Page as specified in (i)(a) above, or on which no rate appears on Telerate Page 3750, as specified in (i)(b) above, as applicable, LIBOR will be determined on the basis of the rates at which deposits having the Index Maturity designated on the face hereof are offered at approximately 11:00 A.M., London time, on such LIBOR Interest Determination Date by four major banks in the London Interbank market (the "Reference Banks") selected, after consultation with the Issuer, by the Calculation Agent to prime banks in the London Interbank market having the Index Maturity designated on the face hereof, commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time. The Calculation Agent will request the principal London office of each of such Reference Banks to provide a quotation of its rate. If at least two such quotations are provided, LIBOR in respect of such LIBOR Interest Determination Date will be the arithmetic mean (rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) of such quotations. If fewer than two quotations are provided, LIBOR in respect of such LIBOR Interest Determination Date will be the arithmetic mean (rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point) of the rates quoted at approximately 11:00 A.M., New York City time, on such LIBOR Interest Determination Date by three major banks in The City of New York selected, after consultation with the Issuer, by the Calculation Agent for loans in U.S. Dollars to leading European banks having the Index Maturity designated on the face hereof, commencing on the second London Banking Day immediately following such LIBOR Interest Determination Date and in a principal amount equal to an amount of not less than \$1,000,000 that is representative for a single transaction in such market at such time; provided, however, that if the banks in The City of New York selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, LIBOR with respect to such LIBOR Interest Determination Date will be LIBOR in effect on such LIBOR Interest Determination Date.

The interest rate for each Reset Period shall be determined by the Calculation Agent and shall be LIBOR plus or minus the Spread or multiplied by the Spread Multiplier, as indicated on the face hereof; provided, however,

that the interest rate in effect for the period from the Original Issue Date to the first Interest Reset Date will be the Initial Interest Rate and the interest rate in effect for the ten days immediately prior to the Maturity Date, or, with respect to any portion of the principal amount hereof to be redeemed or repaid, if applicable, the date of redemption or Repayment Date, will be that in effect on the tenth day preceding such Maturity Date or such date of redemption or Repayment Date.

**DETERMINATION OF TREASURY RATE.** If the Base Rate is the Treasury Rate, as indicated on the face hereof, the "Treasury Rate" with respect to any Treasury Interest Determination Date (as defined below) will be the auction average rate (expressed as a bond equivalent, rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) for the most recent auction of direct obligations of the United States ("Treasury bills") having the Index Maturity designated on the face hereof, as made available by the U.S. Department of the Treasury. In the event that the results of the auction of Treasury bills having the Index Maturity designated on the face hereof are not made available as provided above by 3:00 P.M., New York City time, on such Treasury Interest Determination Date or no such auction is held in a particular week (or on the preceding Friday, if applicable), the Treasury Rate shall be calculated by the Calculation Agent and shall be a yield to maturity (expressed as a bond equivalent, rounded upward, if necessary, to the nearest one hundred-thousandth of a percentage point, on the basis of a year of 365 or 366 days, as applicable, and applied on a daily basis) of the arithmetic mean of the secondary market bid rates, as of 3:30 P.M. New York City time, on such Treasury Interest Determination Date, of three leading primary U.S. government securities dealers selected, after consultation with the Issuer, by the Calculation Agent for the issue of Treasury bills with a remaining maturity closest to the Index Maturity designated on the face hereof; provided, however, that if the dealers selected as aforesaid by the Calculation Agent are not quoting as mentioned in this sentence, the Treasury Rate with respect to such Treasury Interest Determination Date will be the Treasury Rate in effect on such Treasury Interest Determination Date.

The "Treasury Interest Determination Date" will be the day of the week in which the related Interest Reset Date falls on which Treasury bills would normally be auctioned. Treasury bills are usually sold at auction on Monday of each week unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is so held on the preceding Friday, such Friday will be the Treasury Interest Determination Date pertaining to the Reset Period commencing in the next succeeding week. If an auction date shall fall on such an Interest Reset Date, then such Interest Reset Date shall instead be the first Business Day immediately following such auction date.

The interest rate for each Reset Period shall be determined by the Calculation Agent and shall be the Treasury Rate plus or minus the Spread or multiplied by the Spread Multiplier, as indicated on the face hereof, provided, however, that the interest rate in effect for the period from the Original Issue Date to the first Interest Reset Date will be the Initial Interest Rate and the interest rate in effect for the ten days immediately prior to the Maturity Date, or, with respect to any portion of the principal amount hereof to be redeemed or repaid, if applicable, the date of redemption or Repayment Date, will be that in effect on the tenth day preceding such Maturity Date or such date of redemption or Repayment Date.

The Trustee shall be the Calculation Agent, unless another Calculation Agent is specified on the face hereof. At the request of the holder hereof, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate which will become effective on the next Interest Reset Date.

In case an Event of Default with respect to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Issuer and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding (as defined in the Indenture) of all series to be affected (voting as one class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the

Securities of each such series; provided, however, that no such supplemental indenture 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 on redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.1 of the Indenture or the amount thereof provable in bankruptcy pursuant to Section 5.2 of the Indenture, or impair or affect the right of any Securityholder to institute suit for the payment thereof or the right of repayment, if any, at the option of the Securityholder 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 supplemental indenture, without the consent of the holder of each Security so affected. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution therefor, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the place, at the respective times, at the rate and in the coin, currency or currency unit herein prescribed unless in accordance with Section 10.1(c) or Section 10.2 of the Indenture the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S. Government Obligations and/or Foreign Government Securities (each as defined in the Indenture) as will be sufficient to pay interest due or to become due on the Notes to, and the principal and any premium due on the Notes upon, the Maturity Date or upon earlier redemption or repayment.

The Issuer shall be deemed to have paid the principal of, premium, if any, and interest on the Notes when the same shall have become due and payable if in accordance with Section 10.1(c) or Section 10.2(A), the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S. Government Obligations and/or Foreign Government Securities (each as defined in the Indenture) as will be sufficient to pay interest due or to become due on the Notes to, and to pay the principal and premium due on the Notes upon, the Maturity Date or upon earlier redemption or repayment of the outstanding Notes.

The Notes are issuable in fully registered form without coupons in the minimum denomination of U.S. \$100,000 or the equivalent thereof in the Specified Currency, and in integral multiples of U.S. \$1,000 in excess thereof or 10,000 units of the Specified Currency.

If an Initial Redemption Date is specified on the face hereof, this Note may be redeemed at the option of the Issuer as a whole, or from time to time in part, on any date on or after such Initial Redemption Date and prior to maturity, upon mailing a notice of such redemption not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of Notes to be redeemed at their last registered addresses, all as further provided in the Indenture, at the Optional Redemption Prices, if any specified on the face hereof (expressed in percentages of the principal amount) together, in each case, with accrued interest to the date fixed for redemption.

If a Repayment Date is specified or Repayment Dates are specified on the face hereof, this Note will be repayable at the option of the holder, in whole or from time to time in part, on such Repayment Date or Repayment Dates at 100% of the portion of the principal amount to be repaid, together with interest accrued on such portion to the Repayment Date on which repayment is sought. In order for this Note to be repaid, the Issuer must receive at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, during the period from and including the first day of the Repayment Option Period for the applicable Repayment Date to and including the close of business on the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day): (i) this Note with the form below entitled "Option to Elect Repayment" duly completed, or (ii) a telegram, telex, facsimile transmission or letter from a member of a national securities exchange or the National Association of Securities Dealers, Inc., or a commercial bank or a trust company in the United States of America, dated no later than the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day) setting forth the name of the holder of the Note, the principal amount of the Note, the portion of the principal amount of the Note to be repaid, a statement that the option to elect

repayment is being exercised thereby and a guarantee that the Note to be repaid in whole or in part (with the form entitled "Option to Elect Repayment" on the reverse of the Note duly completed) will be received at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, not later than five business days after the date of such telegram, telex, facsimile transmission or letter and such Note and form duly completed must be received at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, by such fifth business day. Effective exercise of any repayment option by the holder of any Note shall be irrevocable. No transfer or exchange of any Note (or, in the event that any Note is to be repaid in part, such portion of the Note to be repaid) will be permitted after exercise of a repayment option. A repayment option may be exercised by the holder of a Note for less than the entire principal amount of the Note, provided that the principal amount which is to be repaid is equal to \$1,000 or any integral multiple thereof for Notes denominated in U.S. Dollars or 10,000 units of the Specified Currency or any integral multiple thereof for Notes denominated in a Specified Currency other than U.S. Dollars. All questions as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment will be determined by the Issuer, whose determination will be final, binding and non-appealable. For purposes of this provision, "business day" means any day other than Saturday and Sunday or a legal holiday or any day on which banking institutions in New York, New York are authorized or required by law or regulation to close.

Upon due presentment for registration of transfer of this Note at the Corporate Trust Office of the Trustee or at such other office or agency as is designated by the Issuer in the Borough of Manhattan, The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount and like tenor will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith; provided, however, that if this Note is a Global Note (as specified on the face hereof), this Note is exchangeable only if (x) the Depositary notifies the Issuer that it is unwilling or unable to continue as Depositary for this Note or if at any time the Depositary ceases to be in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statutes or regulations, and the Issuer does not appoint a successor Depositary within 90 days after the Issuer received such notice or becomes aware of such ineligibility, or (y) the Issuer in its sole discretion determines that this Note shall be exchanged for certificated Notes in definitive form, provided that the definitive Notes so issued in exchange for this Note shall be in authorized denominations and be of like aggregate principal amount and tenure and terms as the portion of this Note to be exchanged.

If "yes" is specified under "U.S. Dollar Payments Option" on the face hereof, the registered holder of this Note shall be entitled to receive payments in U.S. Dollars at the Exchange Rate determined as set forth in the Indenture by notifying the Trustee at the time and in the manner described therein. Costs, if any, associated with the conversion of the Specified Currency into U.S. Dollars shall be borne by such holder through deduction from payments required to be made to such holder on this Note.

The Issuer will pay any administrative costs imposed by banks in connection with making payments on this Note by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the holder hereof.

The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Note, or because of any indebtedness evidenced thereby, shall be had against any incorporator, stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the issue hereof.

Undefined terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably requests and instructs the Issuer to repay the within Note (or the portion hereof specified below) pursuant to its terms at a price equal to 100% of the portion of the principal amount of the Note to be repaid together with interest accrued thereon to the Repayment Date, to the undersigned at

\_\_\_\_\_  
\_\_\_\_\_

(Please print or typewrite name and address of the undersigned)

If less than the entire principal amount of the within Note is to be repaid, specify the portion thereof which the holder elects to have repaid \_\_\_\_\_; and specify the denomination or denominations (which shall be authorized denominations) of the Notes to be issued to the holder for the portion of the within Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature)



## [FORM OF FACE OF NOTE]

AIR PRODUCTS AND CHEMICALS, INC.  
 MEDIUM-TERM NOTE, SERIES G  
 DUE FROM 9 MONTHS TO 30 YEARS FROM DATE OF ISSUE  
 (FIXED RATE CURRENCY INDEXED)

Registered	Face Amount
No. FXCI- Global Note: ___ Yes ___ No Depository:	CUSIP

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

THIS SECURITY IS A GLOBAL SECURITY AS REFERRED TO IN THE INDENTURE HEREINAFTER REFERENCED. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE 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 BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.]

IF APPLICABLE, THE "TOTAL AMOUNT OF OID," "YIELD TO MATURITY" AND "INITIAL ACCRUAL PERIOD OID" (COMPUTED UNDER THE APPROXIMATE METHOD) BELOW WILL BE COMPLETED SOLELY FOR THE PURPOSES OF APPLYING THE FEDERAL INCOME TAX ORIGINAL ISSUE DISCOUNT ("OID") RULES.

Issue Price:	Initial Accrual Period OID:
Interest Rate:	Specified Currency:
Interest Payment Dates:	U.S. Dollars [ ]
Original Issue Date:	Other:
Maturity Date:	U.S. Dollar Payments Option:
Repayment Date(s):	Indexed Currency:
Initial Redemption Date:	Face Amount:
Determination Agent:	Base Exchange Rate:
Repayment Option Period(s):	Base Interest Rate:
Total Amount of OID:	Reference Dealers:
Yield to Maturity:	Other Provisions:
Record Dates:	

If applicable as described above, the Optional Redemption Price initially shall be % of the principal amount of this Note to be redeemed and shall decline at each anniversary of the Initial Redemption Date by % of the principal amount to be redeemed until the Optional Redemption Price is 100% of such principal amount, together with interest thereon to the date fixed for redemption.

AIR PRODUCTS AND CHEMICALS, INC., a Delaware corporation (the "Issuer"), for value received, hereby promises to pay to

, or registered assigns, the principal sum of

(the "Face Amount") plus or minus an amount as determined in accordance with the terms hereof on the Maturity Date specified above or upon earlier redemption or repayment at the Corporate Trust office of the Trustee in the Borough of Manhattan, The City of New York, State of New York, or such other locations as may be provided for pursuant to the Indenture referred to on the reverse hereof, in such coin, currency or currency unit specified above as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest semiannually on each Interest Payment Date in each year and on the Maturity Date or upon earlier redemption or repayment, commencing with the first Interest Payment Date next succeeding the Original Issue Date specified above upon the Face Amount at the Interest Rate or, if a Base Interest Rate is specified above, at the Base Interest Rate multiplied by an amount as determined in accordance with the terms hereof from the most recent date to which interest has been paid or duly provided for, or, if no interest has been paid or duly provided for, from the Original Issue Date, until the principal hereof becomes due and payable; provided, however, that any payment of principal or interest to be made on an Interest Payment Date, on the Maturity Date, on a date fixed for redemption or on a Repayment Date which is not a Business Day shall be made on the next succeeding Business Day (as hereinafter defined) with the same force and effect as if made on the Interest Payment Date, on the date fixed for redemption or on the Repayment Date, as the case may be, and no additional interest shall accrue as a result of such delayed payment. For purposes of this Note, "Business Day" means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close in New York, New York, or if this Note is denominated in a Specified Currency other than U.S. Dollars,

Principal Financial Center of Country of Specified Currency

or, if this Note is denominated in European Currency Units, Brussels, Belgium. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will be paid to the person in whose name this Note (or one or more predecessor Notes) is registered at the close of business on the Record Date (whether or not a Business Day) immediately preceding such Interest Payment Date and interest payable on the Maturity Date or upon earlier redemption or repayment will be payable to the person to whom principal is payable, except that, if this Note is issued between a Record Date and the initial Interest Payment Date relating to such Record Date, interest for the period beginning on the Original Issue Date and ending on such initial Interest Payment Date shall be paid to the person to whom this Note shall have been originally issued. The principal amount payable at the Maturity Date or upon earlier redemption or repayment will be determined by the rate of exchange between the Specified Currency and the Indexed Currency. the holder of this Note will be entitled to receive principal in an amount exceeding the amount designated as the Face Amount, if, at the Maturity Date or upon earlier redemption or repayment, the rate at which the Specified Currency can be exchanged for the Indexed Currency is greater than the rate of such exchange designated above as the Base Exchange Rate expressed in units of the Indexed Currency per one unit of the Specified Currency, and will be entitled to receive principal in an amount less than the Face Amount if, at the Maturity Date or upon earlier redemption or repayment, the rate at which the Specified Currency can be exchanged for the Indexed Currency is less than the Base Exchange Rate. If a Base Interest Rate is specified above, the interest payable on each Interest Payment Date will be determined by the Base Interest Rate and the rate of exchange between the Specified Currency and the Indexed Currency. The holder of this Note will be entitled to receive an interest payment exceeding the amount based on the Face Amount and the Interest Rate if, on an Interest Payment

Date, the rate at which the Specified Currency can be exchanged for the Indexed Currency is greater than the rate of such exchange designated above as the Base Exchange Rate, expressed in units of the Indexed Currency per one unit of the Specified Currency, and will be entitled to receive an interest payment below the amount based on the Face Amount and the Interest Rate if, on an Interest Payment Date, the rate at which the Specified Currency can be exchanged for the Indexed Currency is less than the Base Exchange Rate. Payment of principal and interest on this Note will be made, if at maturity or upon earlier redemption, than on the Maturity Date or the date fixed for redemption, as applicable, upon surrender of this Note at the Corporate Trust Office of the Trustee in The City of New York, and if upon repayment prior to maturity, than on the applicable Repayment Date, provided that the holder shall have complied with the requirements for repayment set forth on the reverse hereof. All such payments shall be made in immediately available funds, provided that this Note is presented to the Corporate Trust Office of the Trustee in The City of New York in time for the Trustee to make such payments in such funds in accordance with its normal procedures. Any such payments made in a Specified Currency other than U.S. Dollars shall be made by wire transfer to an account maintained by the holder, as designated by the holder by written notice to the Trustee at least 15 calendar days prior to the date fixed for payment, with a bank located in the country of the Specified Currency. Payment of interest on this Note (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be made by check (from an account at a bank outside of the United States if such check is payable in a Specified Currency other than U.S. Dollars) mailed to the address of the person entitled thereto appearing on the register for the Notes on the applicable Record Date. At the option of the Issuer or a holder of Notes (as defined on the reverse hereof) in an aggregate principal amount exceeding \$5 million or the equivalent in a Specified Currency, payment of interest on this Note (other than interest paid on the Maturity Date or upon earlier redemption or repayment) will be made by wire transfer to an account maintained by such holder with a bank located in the United States for a payment in U. S. Dollars or with a bank located in the country of the Specified Currency for other payments, provided that any such holder selecting such option shall have designated such account by written notice to the Trustee no later than the Record Date preceding the applicable Interest Payment Date. Any interest not punctually paid or duly provided for shall be payable as provided in the Indenture referred to on the reverse hereof.

Interest will be computed on the basis of a 360-day year of twelve 30-day months.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS NOTE SET FORTH ON THE REVERSE HEREOF, WHICH FURTHER PROVISIONS SHALL HAVE THE SAME EFFECT AS THOUGH FULLY SET FORTH AT THIS PLACE.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by or on behalf of the Trustee under the Indenture referred to on the reverse hereof.

AGENCY FOR TRANSFER, EXCHANGE AND PAYMENT: FIRST FIDELITY BANK,  
NATIONAL ASSOCIATION

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed in its name by the facsimile signatures of its duly authorized officers, and has caused its corporate seal to be affixed hereunto or imprinted hereon by facsimile.

Dated: \_\_\_\_\_

AIR PRODUCTS AND CHEMICALS, INC.

By: \_\_\_\_\_  
Chairman of the Board

(CORPORATE SEAL)

Attest: \_\_\_\_\_  
Vice President and Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

FIRST UNION  
NATIONAL BANK, as Trustee

By: \_\_\_\_\_

Authorized Officer

[FORM OF REVERSE OF NOTE]

AIR PRODUCTS AND CHEMICALS, INC.

This Note is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Issuer (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of January 10, 1995 (the "Indenture"), duly executed and delivered by the Issuer to First Union National Bank (formerly First Fidelity Bank, National Association), as Trustee (the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders (the words "holders" or "holder" meaning the registered holders or registered holder of the Securities). The Securities may be issued in one or more series, which different series (and which securities issued within each series) may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption or repayment provisions (if any), may be subject to different sinking fund or analogous provisions (if any), may be subject to different Events of Default and may otherwise vary as in the Indenture provided. This Note is one of a series designated as "Medium-Term Notes, Series G, Due from 9 Months to 30 Years from Date of Issue" (the "Notes") of the Issuer, limited in aggregate principal amount to U.S. \$300,000,000, or the equivalent thereof in the Specified Currency or Currencies.

In case an Event of Default with respect to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture.

The Indenture contains provisions permitting the Issuer and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding (as defined in the Indenture) of all series to be affected (voting as one class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Securities of each such series: provided, however, that no such supplemental indenture 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 on redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.1 of the Indenture or the amount thereof provable in bankruptcy pursuant to Section 5.2 of the Indenture, or impair or affect the right of any Securityholder to institute suit for the payment thereof or the right of repayment, if any, at the option of the Securityholder 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 supplemental indenture, without the consent of the holder of each Security so affected. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the principal of and any premium and interest on this Note at the place, at the respective times, at the rate and in the coin, currency or currency unit herein prescribed unless in accordance with Section 10.1(c) or Section 10.2 of the Indenture the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S. Government Obligations and/or Foreign Government Securities (each as defined in the Indenture) as will be sufficient to pay interest due or to become due on the Notes to, and to pay the principal and any premium due on the Notes upon, the Maturity Date or upon earlier redemption or repayment.

The Issuer shall be deemed to have paid the principal of, premium, if any, and interest on the Notes when the same shall have become due and payable if in accordance with Section 10.1(c) or Section 10.2(A) the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S. Government Obligations and/or Foreign Government Securities (each as defined in the Indenture) as will be sufficient to pay interest due or to become due on the Notes to, and to pay the principal and any premium due on the Notes upon, the Maturity Date or upon earlier redemption or repayment the outstanding Notes.

The Notes are issuable in fully registered form without coupons in the minimum denominations of U.S. \$100,000 or the equivalent thereof in the Specified Currency, and in integral multiples of U.S. \$1,000 in excess thereof or 10,000 units of the Specified Currency.

If an Initial Redemption Date is specified on the face hereof, this Note may be redeemed at the option of the Issuer, as a whole or from time to time in part, on any date on or after such Initial Redemption Date and prior to maturity, upon mailing a notice of such redemption not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of the Notes to be redeemed at their last registered addresses, all as further provided in the Indenture, at the Optional Redemption Prices, if any, specified on the face hereof (expressed in percentages of the principal amount) together in each case with accrued interest to the date fixed for redemption.

If a Repayment Date is specified or Repayment Dates are specified on the face hereof, this Note will be repayable at the option of the holder, in whole or from time to time in part, on such Repayment Date or Repayment Dates at 100% of the portion of the principal amount to be repaid, together with interest accrued on such portion to the Repayment Date on which repayment is sought. In order for this Note to be repaid, the Issuer must receive at

the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, during the period from and including the first day of the Repayment Option Period for the applicable Repayment Date to and including the close of business on the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day): (i) this Note with the form below entitled "Option to Elect Repayment" duly completed, or (ii) a telegram, telex, facsimile transmission or letter from a member of a national securities exchange, or the National Association of Securities Dealers, Inc., or a commercial bank or a trust company in the United States of America, dated no later than the last day of such Repayment Option Period (or if such day is not a business day, the next succeeding business day) setting forth the name of the holder of the Note, the principal amount of the Note, the portion of the principal amount of the Note to be repaid, a statement that the option to elect repayment in being exercised thereby and a guarantee that the Note to be repaid in whole or in part (with the form entitled "Option to Elect Repayment" on the reverse of the Note duly completed) will be received at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, no later than the five business days after the date of such telegram, telex, facsimile transmission or letter and such Note and form duly completed must be received at the Corporate Trust Office in the Borough of Manhattan, The City of New York, by such fifth business day. Effective exercise of any repayment option by the holder of any Note shall be irrevocable. No transfer or exchange of any Note (or, in the event that any Note is to be repaid in part, such portion of the Note to be repaid) will be permitted after exercise of a repayment option. A repayment option may be exercised by the holder of a Note for less than the entire principal amount of the Note, provided that the principal amount which is to be repaid is equal to \$1,000 or any integral multiple thereof for Notes denominated in U.S. Dollars or 10,000 units of the Specified Currency or any integral multiple thereof for Notes denominated in a Specified Currency other than U.S. Dollars. All question as to the validity, eligibility (including time of receipt) and acceptance of any Note for repayment will be determined by the Issuer, whose determination will be final, binding and non-appealable. For purposes of this provision, "business day" means any day other than Saturday and Sunday or a legal holiday or any day on which banking institutions in New York, New York are authorized or required by law or regulation to close.

Upon due presentment for registration of transfer of this Note at the Corporate Trust Office of the Trustee or at such other office or agency as is designated by the Issuer in the Borough of Manhattan, The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount and like tenor will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith; provided, however, that if this Note is a Global Note (as specified on the face hereof), this Note is exchangeable only if (x) the Depository notifies the Issuer that it is unwilling or unable to continue as Depository for this Note or if at any time the Depository ceases to be in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statutes or regulations, and the Issuer does not appoint a successor Depository within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, or (y) the Issuer in its sole discretion determines that this Note shall be exchanged for certified Notes in definitive form, provided that the definitive Notes so issued in exchange for this Note shall be in authorized denominations and be of like aggregate principal amount and tenor and terms as the portion of this Note to be exchanged.

Unless otherwise specified on the face hereof, principal of this Note will be payable by the Issuer in the Specified Currency (except as set forth herein) at the Maturity Date in an amount equal to the Face Amount plus or minus an amount determined by the Determination Agent by reference to the difference between the Base Exchange Rate and the rate at which the Specified Currency can be exchanged for the Indexed Currency as determined on the second Exchange Rate Day (the "Determination Date") prior to the Maturity Date by the Determination Agent based upon the arithmetic mean of the open market spot offer quotations for the Indexed Currency obtained by the Determination Agent from the Reference Dealers in The City of New York at 11:00 a.m., New York City time, on the Determination Date, for an amount of the Indexed Currency equal to the Face Amount multiplied by the Base Exchange rate, for settlement on the Maturity Date (such rate of exchange, as so determined and expressed in units of the Indexed Currency per one unit of Specified Currency, is hereafter referred to as the "Spot Rate"). If such quotations from the Reference Dealers are not available on the Determination Date due to circumstances beyond the control of the Issuer or the Determination Agent, the Spot Rate will be determined on the basis of the most recently available quotations from the Reference Dealers. If any of the Reference Dealers shall be unwilling or unable to provide the requested quotations, such other major money center bank or banks in The City of New York as shall be selected by the Issuer, in consultation with the Determination Agent, shall act as Reference Dealer or Reference

Dealers in replacement therefor. In the absence of manifest error, the determination by the Determination Agent of the Spot Rate and the principal amount of this Note payable at the Maturity Date shall be final and binding on the Issuer and the holder of this Note.

Unless otherwise specified on the face hereof, the formulae to be used by the Determination Agent to determine the principal amount payable at the Maturity Date will be as follows: If the Spot Rate exceeds or equals the Base Exchange Rate, the principal amount payable at the Maturity Date shall equal:

$$\text{Face Amount} + \frac{(\text{Face Amount} \times \text{Spot Rate} - \text{Base Exchange Rate})}{\text{Spot Rate}}$$

If the Base Exchange Rate exceeds the Spot Rate, the principal amount payable at the Maturity Date (which shall, in no event, be less than zero) shall equal:

$$\text{Face Amount} - \frac{(\text{Face Amount} \times \text{Base Exchange Rate} - \text{Spot Rate})}{\text{Spot Rate}}$$

If the formulae set forth above are applicable hereto, the maximum principal amount payable at the Maturity Date in respect hereof would be an amount equal to twice the Face Amount and the minimum principal amount payable would be zero. Unless otherwise specified above, the term "Exchange Rate Day" shall mean any day which is a Business Day in The City of New York and (i) if the Specified Currency or Indexed Currency is any currency or currency unit other than the U.S. Dollar or the ECU, a Business Day in the principal financial center of the country of such Specified Currency or Indexed Currency or (ii) in the case of the ECU, a day which is not a non-ECU clearing day as determined by the ECU Banking Association in Paris.

Unless otherwise specified on the face hereof, on the basis of the aforesaid determination by the Determination Agent and the formulae and limitations set forth above, (i) if the Base Exchange Rate equals the Spot Rate, then the principal amount of this Note payable at the Maturity Date will be equal to the Face Amount; (ii) if the Spot Rate exceeds the Base Exchange Rate, then the principal amount so payable will be greater than the Face Amount hereof up to an amount equal to twice the Face Amount hereof; (iii) if the Spot Rate is less than the Base Exchange Rate but is greater than one-half of the Base Exchange Rate, then the principal amount so payable will be less than the Face Amount hereof; and (iv) if the Spot Rate is less than or equal to one-half of the Base Exchange Rate, then the Spot Rate will be deemed to be one-half of the Base Exchange Rate and no principal amount in respect of this Note will be payable at the Maturity Date. In the event of any redemption or repayment, the term "Maturity Date" used above also refers to the redemption date or Repayment Date, if applicable.

Unless a Base Interest Rate is specified on the face hereof, interest will be payable on the Face Amount at the Interest Rate. In the event that a Base Interest Rate is specified on the face hereof, interest shall be payable on each Interest Payment Date at a rate per annum equal to the Base Interest Rate multiplied by an Interest Index Factor. The "Interest Index Factor" shall be an amount determined by the Determination Agent by reference to the following formula:

$$\frac{\text{Interest Spot Rate}}{\text{Base Exchange Rate}}$$

where "Interest Spot Rate" is (i) if at an Interest Payment Date, the rate at which the Specified Currency can be exchanged for the Indexed Currency, as determined on the second Exchange Rate Day prior to such Interest Payment Date (the "Interest Determination Date") by the Determination Agent, on such Interest Determination Date, (ii) if at the Maturity Date, the Spot Rate. The amount of interest determined by the Determination Agent to be payable on any Interest Payment Date and at the Maturity Date in respect of the Securities will be payable to the holders thereof in the manner set forth herein. In the absence of manifest error, the determination by the Determination Agent of the Interest Index Factor, the Interest Spot Rate on each Interest Payment Date, the interest

payments payable and the Spot Rate at the Maturity Date on the Securities shall be final and binding on the Issuer and the holders of such Securities.

If "yes" is specified under "U.S. Dollar Payments Option" on the face hereof, the registered holder of this Note shall be entitled to receive payments in U.S. Dollars at the Exchange Rate determined as set forth in the Indenture by notifying the Trustee at the time and in the manner described therein. Costs, if any, associated with the conversion of the Specified Currency into U.S. Dollars shall be borne by such holder through deduction from payments required to be made to such holder of this Note.

The Issuer will pay any administrative costs imposed by banks in connection with making payments on this Note by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the holder hereof.

The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing hereon) for the purpose of receiving payment of or on account of the principal hereof and premium, if any, and subject to the provisions on the face hereof, interest hereon, and for all other purposes, and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Note, or because of any indebtedness evidenced thereby, shall be had against any incorporator, stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the Issuer hereof.

Undefined terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

OPTION TO ELECT REPAYMENT

The undersigned hereby irrevocably requests and instructs the Issuer to repay the within Note (or the portion hereof specified below) pursuant to its terms at a price equal to 100% of the portion of the principal amount of the Note to be repaid together with interest accrued thereon to the Repayment Date, to the undersigned at

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(Please print or typewrite name and address of the undersigned)

If less than the entire principal amount of the within Note is to be repaid, specify the portion thereof which the holder elects to have repaid \_\_\_\_\_; and specify the denomination or denominations (which shall be authorized denominations) of the Notes to be issued to the holder for the portion of the within the Note not being repaid (in the absence of any such specification, one such Note will be issued for the portion not being repaid):

\_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
(Signature)



## [FORM OF FACE OF NOTE]

AIR PRODUCTS AND CHEMICALS, INC.  
 MEDIUM-TERM NOTE, SERIES G  
 DUE FROM 9 MONTHS TO 30 YEARS FROM DATE OF ISSUE  
 (S&P 500 LINKED)

Registered \_\_\_\_\_ Face Amount \$ \_\_\_\_\_  
 Original Issue Date: \_\_\_\_\_ Interest Rate: % \_\_\_\_\_  
 No. S&PL- \_\_\_\_\_ CUSIP \_\_\_\_\_  
 Global Note: \_\_\_ Yes \_\_\_ No

[Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation (the "DTC"), to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.]

THIS SECURITY IS A GLOBAL SECURITY AS REFERRED TO IN THE INDENTURE HEREINAFTER REFERENCED. UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR THE INDIVIDUAL SECURITIES REPRESENTED HEREBY, THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE 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 BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY.]

AIR PRODUCTS AND CHEMICALS, INC., a Delaware corporation (herein called the "Issuer"), for value received, hereby promises to pay to

, or registered assigns, the Maturity Amount (as defined below) on \_\_\_\_\_ (the "Maturity Date"), at the Corporate Trust Office of the Trustee in the Borough of Manhattan, The City of New York, State of New York, or such other location or locations as may be provided for pursuant to the Indenture (as defined below), in such coin, currency or currency unit of the \_\_\_\_\_ as at the time of payment shall be legal tender for the payment of public and private debts. No periodic payments of interest will be payable in respect of this Note.

## Maturity Amount

The amount payable on the Maturity Date in respect of this Note (the "Maturity Amount") will be equal to the greater of (i) the Minimum Maturity Amount and (ii) the Index Maturity Amount.

The "Minimum Maturity Amount" with respect to this Note means \_\_\_\_\_% of the principal amount hereof (the "Principal Amount"). The "Index Maturity Amount" with respect to this Note means an amount equal to the sum of (i) the Principal Amount and (ii) the product of (x) the Principal Amount, (y) the Index Appreciation Ratio and (z) the Participation Rate. Where:

"Index Appreciation Ratio" means:

Final Average Index Value-Initial Index Value  
Initial Index Value

"Participation Rate" means \_\_\_\_%.

The "Initial Index Value" equals \_\_\_\_\_, the closing value of the S&P 500 Index on \_\_\_\_\_.

The "Final Average Index Value" of the S&P 500 Index will be determined by \_\_\_\_\_ (the "Calculation Agent") and will equal the arithmetic average (mean) of the Annual Values (as defined below) for \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_. The "Annual Value" for any year will be calculated during the "Calculation Period" for such year, which will be from and including \_\_\_\_\_ in \_\_\_\_\_, \_\_\_\_\_ in \_\_\_\_\_ and \_\_\_\_\_ in \_\_\_\_\_ to and including the fifth scheduled Business Day (as hereinafter defined) after such date. The Annual Value for each year will equal the arithmetic average (mean) of the closing values of the S&P 500 Index on the first day in the applicable Calculation Period (provided that a Market Disruption Event (as defined below) shall not have occurred on such day) and on each succeeding Business Day (provided that a Market Disruption Event shall not have occurred on the applicable day) up to and including the last Business Day in the applicable Calculation Period (each, a "Calculation Date") until the Calculation Agent has so determined such closing values for five Business Days. If a Market Disruption Event occurs on two or more of the Business Days during a Calculation Period, the Annual Value for the relevant year will equal the average of the values on Business Days on which a Market Disruption Event did not occur during such Calculation Period or, if there is only one such Business Day, the value on such day. If Market Disruption Events occur on all of such Business Days during a Calculation Period, the Annual Value for the relevant year shall equal the closing value of the S&P 500 Index on the last Business Day of the Calculation Period regardless of whether a Market Disruption Event shall have occurred on such day.

For purposes of determining the Final Average Index Value, a "Business Day" is a day on which The New York Stock Exchange is open for trading.

"Market Disruption Event" means either of the following events, as determined by the Calculation Agent:

(i) the suspension or material limitation (limitations pursuant to New York Stock Exchange Rule 80A (or any applicable rule or regulation enacted or promulgated by the New York Stock Exchange, any other self-regulatory organization or the Securities and Exchange Commission of similar scope as determined by the Calculation Agent) on trading during significant market fluctuations shall be considered "material" for purposes of this definition), in each case, for more than two hours of trading in 100 or more of the securities included in the S&P 500 Index, or

(ii) the suspension or material limitation, in each case, for more than two hours of trading (whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise) in (A) futures contracts related to the S&P 500 Index which are traded on the Chicago Mercantile Exchange or (B) option contracts related to the S&P 500 Index which are traded on the Chicago Board Options Exchange, Inc.

For purposes of this definition, a limitation on the hours in a trading day and/or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of the relevant exchange.

All determinations made by the Calculation Agent shall be at the sole discretion of the Calculation Agent and, absent a determination by the Calculation Agent of a manifest error, shall be conclusive for all purposes and binding on the Issuer and beneficial owner of this Note.

## Discontinuance of the S&amp;P 500 Index and Successor Index

If Standard & Poor's Corporation ("S&P") discontinues publication of the S&P 500 Index and S&P or another entity publishes a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the S&P 500 Index (any such index being referred to hereinafter as a "Successor Index"), then, upon the Calculation Agent's notification of such determination to the Trustee and the Issuer, the Calculation Agent will substitute the Successor Index as calculated by S&P or such other entity for the S&P 500 Index.

If S&P discontinues publication of the S&P 500 Index and a Successor Index is not selected by the Calculation Agent or is no longer published on any of the Calculation Dates, the value to be substituted for the S&P 500 Index for any such Calculation Date will be calculated as described below.

If a Successor Index is selected or the Calculation Agent calculates a value as a substitute for the S&P 500 Index as described below, such Successor Index or value shall be substituted for the S&P 500 Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If at any time the method of calculating the S&P 500 Index, or the value thereof, is changed in a material respect, or if the S&P 500 Index is in any other way modified such that in the opinion of the Calculation Agent, the S&P 500 Index does not fairly represent the value of the S&P 500 Index had such change or modification not been made, then, from and after such time, the Calculation Agent shall on each Calculation Date make such adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a calculation of a stock index comparable to the S&P 500 Index as if such change or modification had not been made. For example, if the method of calculating the S&P 500 Index is modified so that the value of such S&P 500 Index is a fraction or a multiple of what it would have been if it had not been modified (e.g., due to a split in the S&P 500 Index), then the Calculation Agent shall adjust the S&P 500 Index in order to arrive at a value of the S&P 500 Index as if it had not been modified (e.g., as if such split had not occurred).

If S&P discontinues publication of the S&P 500 Index and a Successor Index is available, then the Maturity Amount will be determined by reference to the Successor Index, as provided above.

If the publication of the S&P 500 Index is discontinued and S&P or another entity does not publish a Successor Index on any of the Calculation Dates, the index to be substituted for the S&P 500 Index for any such Calculation Date will be computed by the Calculation Agent for each such Calculation Date in accordance with the following procedures:

(1) identifying the component stocks of the S&P 500 Index or any Successor Index as of the last date on which either of such indices was calculated by S&P or another entity and published by S&P or such other entity (each such component stock is an "Index Component Stock");

(2) for each Index Component Stock, calculating as of each such Calculation Date the product of the market price per share and the number of the then-outstanding shares (such product referred to as the "Market Value" of such Index Component Stock), by reference to (a) the closing market price per share of such Index Component Stock as quoted by the New York Stock Exchange or the American Stock Exchange or any other registered national securities exchange that is the primary market for such Index Component Stock, or if no such quotation is available, then the closing market price as quoted by any other registered national securities exchange or the National Association of Securities Dealers Automated Quotation National Market System ("NASDAQ"), or if no such price is quoted, then the market price from the best available source as determined by the Calculation Agent (collectively, the "Exchanges") and (b) the most recent publicly available statement of the number of outstanding shares of such Index Component Stock;

(3) aggregating the Market Values obtained in clause (2) for all Index Component Stocks;

(4) ascertaining the Base Value (as defined below) in effect as of the last day on which either the S&P 500 Index or any Successor Index was published by S&P or another entity (adjusted as described below);

(5) dividing the aggregate Market Value of all Index Component Stocks by the Base Value (adjusted as described below);

(6) multiplying the resulting quotient (expressed in decimals) by ten.

"Base Value" shall mean the aggregate of the mean average Market Value of the common stock of each company in a group of 500 companies substantially similar to the current S&P 500 group over the base period of the years 1941 through 1943.

If any Index Component Stock is no longer publicly traded on any registered national securities exchange or in the over-the-counter market, the last available market price per share for such Index Component Stock as quoted by any registered national securities exchange or in the over-the-counter market, and the number of outstanding shares thereof at such time, will be used in computing the last available Market Value of such Index Component Stock. Such Market Value will be used in all computations of the S&P 500 Index thereafter.

If a company that has issued an Index Component Stock and another company that has issued an Index Component Stock are consolidated to form a new company, the common stock of such new company will be considered an Index Component Stock and the common stocks of the constituent companies will no longer be considered Index Component Stocks. If any company that has issued an Index Component Stock merges with, or acquires, a company that has not issued an Index Component Stock, the common stock of the surviving corporation will, upon the effectiveness of such merger or acquisition, be considered an Index Component Stock. In each such case, the Base Value will be adjusted so that the Base Value immediately after such consolidation, merger or acquisition will equal (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value of all Index Component Stocks immediately after such event, divided by the aggregate Market Value for all Index Component Stocks immediately prior to such event.

If a company that has issued an Index Component Stock issues a stock dividend, declares a stock split or issues new shares pursuant to the acquisition of another company, then, in each case, the Base Value will be adjusted so that the Base Value immediately after the time the particular Index Component Stock commences trading ex-dividend, the effectiveness of the stock split or the time new shares of such Index Component Stock commence trading equals (a) the Base Value immediately prior to such event, multiplied by (b) the quotient of the aggregate Market Value for all Index Component Stocks immediately after such event, divided by the aggregate Market Value of all Index Component Stocks immediately prior to such event. The Base Value used by the Calculation Agent to calculate the value described above will not necessarily be adjusted in all cases in which S&P, in its discretion, might adjust the Base Value.

This Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been manually signed by or on behalf of the Trustee under the Indenture referred to below.

AGENCY FOR TRANSFER, EXCHANGE AND PAYMENT:  
FIRST UNION NATIONAL BANK

IN WITNESS WHEREOF, the Issuer has caused this instrument to be signed in its name by the facsimile signatures of its duly authorized officers, and has caused its corporate seal to be affixed hereunto or imprinted hereon by facsimile.

Dated: \_\_\_\_\_

AIR PRODUCTS AND CHEMICALS, INC.

By: \_\_\_\_\_  
Chairman of the Board

Attest:

(Corporate Seal)

\_\_\_\_\_  
Vice President and Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

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

FIRST UNION  
NATIONAL BANK, as Trustee

By: \_\_\_\_\_  
Authorized Officer

## [FORM OF REVERSE OF NOTE]

This Note is one of a duly authorized issue of unsecured debentures, notes or other evidences of indebtedness of the Issuer (hereinafter called the "Securities") of the series hereinafter specified, all issued or to be issued under and pursuant to an indenture dated as of January 10, 1995 (the "Indenture"), duly executed and delivered by the Issuer to First Union National Bank (formerly First Fidelity Bank, National Association), as Trustee (the "Trustee"), to which Indenture and all indentures supplemental thereto reference is hereby made for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Trustee, the Issuer and the holders (the words "holders" or "holder" meaning the registered holders or registered holder of the Securities). The Securities may be issued in one or more series, which different series (and which securities issued within each series) may be issued in various aggregate principal amounts, may mature at different times, may bear interest (if any) at different rates, may be subject to different redemption or repayment provisions (if any), may be subject to different sinking fund or analogous provisions (if any), may be subject to different Events of Default (as defined in the Indenture) and may otherwise vary as in the Indenture provided. This Note is one of a series designated as "Medium-Term Notes, Series G, Due from 9 Months to 30 Years from Date of Issue" (the "Notes") of the Issuer, limited in aggregate principal amount to U.S. \$300,000,000, or the equivalent thereof in the Specified Currency or Currencies.

This Note is not subject to redemption by the Issuer or at the option of the holders prior to maturity.

In case an Event of Default with respect to the Notes shall have occurred and be continuing, the principal hereof may be declared, and upon such declaration shall become, due and payable, in the manner, with the effect and subject to the conditions provided in the Indenture. The amount payable in respect hereof upon any acceleration permitted by the Indenture, with respect to each \$1,000 principal amount thereof, will be equal to the greater of (i) the Principal Amount plus an amount equal to the interest which would have accrued hereon from and including the date of original issuance to but excluding the date of early redemption at an annualized rate of \_\_\_\_\_%, calculated on a semiannual bond equivalent basis and (ii) the Index Maturity Amount calculated as described above under "Maturity Amount" with the following modifications. The Calculation Period used to calculate the final Annual Value of this Note so accelerated will begin on the eighth scheduled Business Day next preceding the scheduled date for such early redemption. If such final Annual Value is the only Annual Value which shall have been calculated with respect to this Note, such final Annual Value will be the Final Average Index Value. If one or two other Annual Values shall have been calculated with respect to this Note for prior years when this Note shall have been outstanding, the average of the final Annual Value and such one other Annual Value or such two other Annual Values, as the case may be, will be the Final Average Index Value. If a bankruptcy proceeding is commenced in respect of the Issuer, the claim with respect to this Note may be limited, under Section 502(b)(2) of Title 11 of the United States Code, to the Principal Amount plus an additional amount of contingent interest calculated as though the date of the commencement of the proceeding were the Maturity Date.

The Indenture contains provisions permitting the Issuer and the Trustee, with the consent of the holders of not less than 66 2/3% in aggregate principal amount of the Securities at the time outstanding (as defined in the Indenture) of all series to be affected (voting as one class), evidenced as in the Indenture provided, to execute supplemental indentures adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or of any supplemental indenture or modifying in any manner the rights of the holders of the Securities of each such series; provided, however, that no such supplemental indenture 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 on redemption thereof, or reduce the amount of the principal of an Original Issue Discount Security that would be due and payable upon an acceleration of the maturity thereof pursuant to Section 5.1 of the Indenture or the amount thereof provable in bankruptcy pursuant to Section 5.2 of the Indenture, or impair or affect the right of any Securityholder to institute suit for the payment thereof or the right of repayment, if any, at the option of the Securityholder 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 supplemental indenture, without the consent of the holder of each Security so affected. Any such consent or waiver by the holder of this Note (unless revoked as provided in the Indenture) shall be conclusive and binding upon such holder and upon all future holders and owners of this Note and any Notes which may be issued in

exchange or substitution herefor, irrespective of whether or not any notation thereof is made upon this Note or such other Notes.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Issuer, which is absolute and unconditional, to pay the Maturity Amount on this Note at the place, at the respective times, at the rate and in the coin, currency or currency unit herein prescribed unless in accordance with Section 10.1(c) or Section 10.2 of the Indenture, the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S. Government Obligations and/or Foreign Government Securities (as defined in the Indenture) as will be sufficient to retire this Note at maturity or upon earlier redemption or repayment.

The Issuer shall be deemed to have paid the Maturity Amount on this Note when the same shall have become due and payable if in accordance with Section 10.1(c) or Section 10.2(A) the Issuer shall have irrevocably deposited or caused to be deposited in trust with the Trustee funds in cash and/or U.S. Government Obligations and/or Foreign Government Securities (as defined in the Indenture) as will be sufficient to retire at maturity or upon earlier redemption or repayment of the outstanding Notes.

The Notes are issuable in fully registered form without coupons in the minimum denomination of U.S. \$100,000 or the equivalent thereof in the Specified Currency, and in integral multiples of U.S. \$1,000 in excess thereof or 10,000 units of the Specified Currency.

Upon due presentment for registration of transfer of this Note at the Corporate Trust Office of the Trustee or at such other office or agency as is designated by the Issuer in the Borough of Manhattan, The City of New York, a new Note or Notes of authorized denominations for an equal aggregate principal amount and like tenor will be issued to the transferee in exchange therefor, subject to the limitations provided in the Indenture, without charge except for any tax or other governmental charge imposed in connection therewith; provided, however, that if this Note is a Global Note, this Note is exchangeable only if (x) the Depositary notifies the Issuer that it is unwilling or unable to continue as Depositary for this Note or if at any time the Depositary ceases to be in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statutes or regulations, and the Issuer does not appoint a successor Depositary within 90 days after the Issuer receives such notice or becomes aware of such ineligibility, or (y) the Issuer in its sole discretion determines that this Note shall be exchanged for certificated Notes in definitive form, provided that the definitive Notes so issued in exchange for this Note shall be in authorized denominations and be of like aggregate principal amount and tenor and terms as the portion of this Note to be exchanged.

The Issuer will pay any administrative costs imposed by banks in connection with making payments on this Note by wire transfer, but any tax, assessment or governmental charge imposed upon payments will be borne by the holder hereof.

The Issuer, the Trustee and any agent of the Issuer or the Trustee may deem and treat the registered holder hereof as the absolute owner of this Note (whether or not this Note shall be overdue and notwithstanding any notation of ownership or other writing thereon) for the purpose of receiving payment of or on account of the Maturity Amount, and for all other purposes, and neither the Issuer nor the Trustee nor any agent of the Issuer or the Trustee shall be affected by any notice to the contrary.

No recourse under or upon any obligation, covenant or agreement contained in the Indenture or in any Note, or because of any indebtedness evidenced thereby, shall be had against any incorporator, stockholder, officer or director, as such, of the Issuer or of any successor, either directly or through the Issuer or any successor, under any rule of law, statute or constitutional provision or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance hereof and as part of the consideration for the Issuer hereof.

Undefined terms used herein which are defined in the Indenture shall have the respective meanings assigned thereto in the Indenture.

ABBREVIATIONS

The following abbreviations, when used in the inscription on the face of this Note, shall be construed as though they were written out in full according to applicable laws or regulations:

- TEN COM - as tenants in common
- TEN ENT - as tenants by the entireties
- JT TEN - as joint tenants with right of survivorship and not as tenants in common
- UNIF GIFT MIN ACT - \_\_\_\_\_ Custodian \_\_\_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act \_\_\_\_\_  
(State)

Additional abbreviations may also be used though not in the above list.

\_\_\_\_\_

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF ASSIGNEE

\_\_\_\_\_ the within Note of AIR PRODUCTS AND CHEMICALS, INC. and hereby does irrevocably constitute and appoint

\_\_\_\_\_ Attorney to transfer the said Note on the books of the within-named Issuer, with full power of substitution in the premises.

Dated \_\_\_\_\_

\_\_\_\_\_  
NOTICE: The signature to this assignment must correspond with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

August 18, 1997

Air Products and Chemicals, Inc.  
7201 Hamilton Boulevard  
Allentown, PA 18195-1501

RE: Air Products and Chemicals, Inc. -- Registration Statement on Form S-3  
for \$300,000,000 Principal Amount of Medium-Term Notes, Series G

Ladies and Gentlemen:

I am an Assistant General Counsel of Air Products and Chemicals, Inc., a Delaware corporation (the "Company"), and have acted in such capacity in connection with the proposed issuance and sale by the Company of up to \$300,000,000 aggregate principal amount of its debt securities (the "Securities") as described in the Registration Statement on Form S-3, filed by the Company pursuant to the Securities Act of 1933 on August 18, 1997 (the "Registration Statement"). The Securities are to be issued under an Indenture dated as of January 10, 1995 (the "Indenture"), between the Company and First Union National Bank (formerly First Fidelity Bank, National Association), as Trustee.

I or members of the Company's legal staff have examined original or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments as were deemed necessary or advisable for the purpose of enabling me to render this opinion.

Based upon the foregoing, in my capacity as an Assistant General Counsel of the Company, I am of the opinion that when the Registration Statement has become effective, and the Securities have been duly executed by the Company, duly authenticated by the Trustee and delivered by the Company against payment therefor in accordance with the terms of the Indenture, the Securities will be legally issued and will constitute valid and binding obligations of the Company in accordance with their terms (except as (a) the enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and (b) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability).

I hereby consent to the filing of this opinion as an exhibit to the Registration Statement.

Very truly yours,

/s/ ROBERT F. GERKENS

-----  
Robert F. Gerken  
Assistant General Counsel

## CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To: Air Products and Chemicals, Inc.:

As independent public accountants, we hereby consent to the incorporation by reference in this Registration Statement of our reports dated 1 November 1996 included and incorporated by reference in Air Products and Chemicals, Inc.'s Form 10-K for the year ended 30 September 1996 and to all references to our Firm included in this Registration Statement.

ARTHUR ANDERSEN LLP

Philadelphia, Pennsylvania  
August 15, 1997

August 18, 1997

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington, D.C. 20549-1004

RE: Air Products and Chemicals, Inc.  
Registration Statement on Form S-3  
for \$300,000,000 Principal Amount of Medium-Term Notes, Series G

Ladies and Gentlemen:

We refer to the Registration Statement on Form S-3 of Air Products and Chemicals, Inc. (the "Company"), filed pursuant to the Securities Act of 1933 on August 18, 1997 (the "Registration Statement"), in connection with the proposed issuance and sale by the Company of up to \$300,000,000 aggregate principal amount of its Debt Securities and the prospectus included in the Registration Statement that refers to us under the caption "Legal Opinions."

The undersigned hereby consent to the reference to us in such prospectus under the caption "Legal Opinions."

Very truly yours,

/s/ JAMES H. AGGER

-----  
James H. Agger  
Senior Vice President, General Counsel  
and Secretary

/s/ ROBERT F. GERKENS

-----  
Robert F. Gerken  
Assistant General Counsel

/s/ KENNETH R. PETRINI

-----  
Kenneth R. Petrini  
Vice President -- Taxes

## POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints HAROLD A. WAGNER or ARNOLD H. KAPLAN or JAMES H. AGGER, acting severally, his/her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign a Registration Statement for the registration of up to \$300,000,000 aggregate principal amount of debt securities of Air Products and Chemicals, Inc., and any and all amendments thereto, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities and Exchange Act of 1933, this Power of Attorney has been signed below by the following persons in the capacities and on the dates indicated.

SIGNATURE	TITLE	DATE
/s/ HAROLD A. WAGNER ----- (Harold A. Wagner)	Director and Chairman of the Board (Principal Executive Officer)	July 17, 1997
/s/ DEXTER F. BAKER ----- (Dexter F. Baker)	Director	July 17, 1997
/s/ TOM H. BARRETT ----- (Tom H. Barrett)	Director	July 17, 1997
/s/ L. PAUL BREMER, III ----- (L. Paul Bremer, III)	Director	July 17, 1997
/s/ ROBERT CIZIK ----- (Robert Cizik)	Director	July 17, 1997
/s/ RUTH M. DAVIS ----- (Ruth M. Davis)	Director	July 17, 1997
/s/ EDWARD E. HAGENLOCKER ----- (Edward E. Hagenlocker)	Director	July 17, 1997

SIGNATURE

TITLE

DATE

-----  
/s/ JAMES F.  
HARDYMON

Director

July 17, 1997

-----  
(James F. Hardymon)/s/ JOSEPH J.  
KAMINSKI

Director

July 17, 1997

-----  
(Joseph J. Kaminski)/s/ TERRY R.  
LAUTENBACH

Director

July 17, 1997

-----  
(Terry R. Lautenbach)/s/ RUDOLPHUS F. N.  
LUBBERS

Director

July 17, 1997

-----  
(Rudolphus F. N. Lubbers)/s/ TAKEO  
SHIINA

Director

July 17, 1997

-----  
(Takeo Shiina)/s/ LAWRASON D.  
THOMAS

Director

July 17, 1997

-----  
(Lawrason D. Thomas)

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM T-1

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

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

FIRST UNION NATIONAL BANK  
(Name of Trustee)

22-1147033  
(I.R.S. Employer Identification No.)

102 PENNSYLVANIA AVENUE, AVONDALE, PENNSYLVANIA  
(Address of Principal Executive Offices)

19311  
(Zip Code)

AIR PRODUCTS AND CHEMICALS, INC.

(Exact name of registrants as specified in their charters)

DELAWARE  
(State of Incorporation)

23-1274455  
(I.R.S. Employer Identification No.)

7201 HAMILTON BOULEVARD  
ALLENTOWN, PA 18195-1501  
(610) 481-7351

(Address of Principal Executive Offices)

DEBT SECURITIES

Application relates to all securities registered pursuant to the delayed  
offering registration statement (Title of Indenture Securities)

1. GENERAL INFORMATION.

FURNISH THE FOLLOWING INFORMATION AS TO THE TRUSTEE:

(a) NAME AND ADDRESS OF EACH EXAMINING OR SUPERVISORY AUTHORITY TO WHICH IT IS SUBJECT:

Comptroller of the Currency  
United States Department of the Treasury  
Washington, D.C. 20219

Federal Reserve Bank (3rd District)  
Philadelphia, Pennsylvania 19106

Federal Deposit Insurance Corporation  
Washington, D.C. 20429

(b) WHETHER IT IS AUTHORIZED TO EXERCISE CORPORATE TRUST POWERS.

Yes.

2. AFFILIATIONS WITH OBLIGOR.

IF THE OBLIGOR IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

None.

3. VOTING SECURITIES OF THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF VOTING SECURITIES OF THE TRUSTEE:

Not applicable - see answer to item 13.

4. TRUSTEESHIPS UNDER OTHER INDENTURES.

IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, FURNISH THE FOLLOWING INFORMATION:

Not applicable - see answer to item 13.

5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH THE OBLIGOR OR UNDERWRITERS.

IF THE TRUSTEE OR ANY OF THE DIRECTORS OR EXECUTIVE OFFICERS OF THE TRUSTEE IS A DIRECTOR, OFFICER, PARTNER, EMPLOYEE, APPOINTEE, OR REPRESENTATIVE OF THE OBLIGOR OR OF ANY UNDERWRITER FOR THE OBLIGOR, IDENTIFY EACH SUCH PERSON HAVING ANY SUCH CONNECTION AND STATE THE NATURE OF EACH SUCH CONNECTION.

Not applicable - see answer to item 13.

6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY THE OBLIGOR AND EACH DIRECTOR, PARTNER, AND EXECUTIVE OFFICER OF THE OBLIGOR:

Not applicable - see answer to item 13.

7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF THE TRUSTEE OWNED BENEFICIALLY BY EACH UNDERWRITER FOR THE OBLIGOR AND EACH DIRECTOR, PARTNER, AND EXECUTIVE OFFICER OF EACH SUCH UNDERWRITER:

Not applicable - see answer to item 13.

8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

FURNISH THE FOLLOWING INFORMATION AS TO SECURITIES OF THE OBLIGOR OWNED BENEFICIALLY OR HELD AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT BY THE TRUSTEE:

Not applicable - see answer to item 13.

9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF AN UNDERWRITER FOR THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH UNDERWRITER ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE:

Not applicable - see answer to item 13.

10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT VOTING SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE (1) OWNS 10 PERCENT OR MORE OF THE VOTING STOCK OF THE OBLIGOR OR (2) IS AN AFFILIATE, OTHER THAN A SUBSIDIARY, OF THE OBLIGOR,

FURNISH THE FOLLOWING INFORMATION AS TO THE VOTING SECURITIES OF SUCH PERSON:

Not applicable - see answer to item 13.

11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

IF THE TRUSTEE OWNS BENEFICIALLY OR HOLDS AS COLLATERAL SECURITY FOR OBLIGATIONS IN DEFAULT ANY SECURITIES OF A PERSON WHO, TO THE KNOWLEDGE OF THE TRUSTEE, OWNS 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR, FURNISH THE FOLLOWING INFORMATION AS TO EACH CLASS OF SECURITIES OF SUCH PERSON ANY OF WHICH ARE SO OWNED OR HELD BY THE TRUSTEE:

Not applicable - see answer to item 13.

12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

EXCEPT AS NOTED IN THE INSTRUCTIONS, IF THE OBLIGOR IS INDEBTED TO THE TRUSTEE, FURNISH THE FOLLOWING INFORMATION:

Not applicable - see answer to item 13.

13. DEFAULTS BY THE OBLIGOR.

(a) STATE WHETHER THERE IS OR HAS BEEN A DEFAULT WITH RESPECT TO THE SECURITIES UNDER THIS INDENTURE. EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

None.

(b) IF THE TRUSTEE IS A TRUSTEE UNDER ANOTHER INDENTURE UNDER WHICH ANY OTHER SECURITIES, OR CERTIFICATES OF INTEREST OR PARTICIPATION IN ANY OTHER SECURITIES, OF THE OBLIGOR ARE OUTSTANDING, OR IS TRUSTEE FOR MORE THAN ONE OUTSTANDING SERIES OF SECURITIES UNDER THE INDENTURE, STATE WHETHER THERE HAS BEEN A DEFAULT UNDER ANY SUCH INDENTURE OR SERIES, IDENTIFY THE INDENTURE OR SERIES AFFECTED, AND EXPLAIN THE NATURE OF ANY SUCH DEFAULT.

None

14. AFFILIATIONS WITH THE UNDERWRITERS.

IF ANY UNDERWRITER IS AN AFFILIATE OF THE TRUSTEE, DESCRIBE EACH SUCH AFFILIATION.

Not applicable - see answer to item 13.

15. FOREIGN TRUSTEE.

IDENTIFY THE ORDER OR RULE PURSUANT TO WHICH THE TRUSTEE IS AUTHORIZED TO ACT AS SOLE TRUSTEE UNDER INDENTURES QUALIFIED OR TO BE QUALIFIED UNDER THE ACT.

Not applicable - trustee is a national banking association organized under the laws of the United States.

16. LIST OF EXHIBITS.

LIST BELOW ALL EXHIBITS FILED AS PART OF THIS STATEMENT OF ELIGIBILITY.

1. Copy of Articles of Association of the trustee as now in effect.\*\*  
- ----
2. Copy of the Certificate of the Comptroller of the Currency dated January 11, 1994, evidencing the authority of the trustee to transact business.\*  
- ----
3. Copy of the authorization of the trustee to exercise fiduciary powers.\*  
- ----
4. Copy of existing by-laws of the trustee.\*\*  
- ----
5. Copy of each indenture referred to in Item 4, if the obligor is in default, not applicable.  
- ----
- X 6. Consent of the trustee required by Section 321(b) of the Act.  
- ----
- X 7. Copy of report of condition of the trustee at the close of business on March 31, 1997, published pursuant to the requirements of its supervising authority.  
- ----
8. Copy of any order pursuant to which the foreign trustee is authorized to act as sole trustee under indentures qualified or to be qualified under the Act, not applicable.  
- ----
9. Consent to service of process required of foreign trustees pursuant to Rule 10a-4 under the Act, not applicable.  
- ----

\*Previously filed with the Securities and Exchange Commission on February 11, 1994 as an exhibit to Form T-1 in connection with Registration Statement No. 22-73340 and \*\* previously filed with the the Securities and Exchange Commission on May 5, 1997 as an exhibit to Form T-1 in connection with Registration Statement No. 333-23791 and incorporated herein by reference.

NOTE

The trustee disclaims responsibility for the accuracy or completeness of information contained in this Statement of Eligibility and Qualification not known to the trustee and not obtainable by it through reasonable investigation and as to which information it has obtained from the obligor and has had to rely or will obtain from the principal underwriters and will have to rely.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, First Union National Bank, a national banking association organized and existing under the laws of the United States of America, has duly caused this Statement of Eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of Philadelphia and Commonwealth of Pennsylvania, on the 25th day of June, 1997.

FIRST UNION NATIONAL BANK

By: s/John H. Clapham

\_\_\_\_\_  
John H. Clapham  
Vice President

## CONSENT OF TRUSTEE

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939, and in connection with the proposed issue of Air Products and Chemicals, Inc. we hereby consent that reports of examinations by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

FIRST UNION NATIONAL BANK

By: /s/ John H. Clapham

-----  
John H. Clapham  
Vice President

Philadelphia, PA  
June 25, 1997

Consolidating domestic and foreign subsidiaries of the First Union National Bank, Avondale, Pennsylvania, at the close of business on March 31, 1997, published in response to call made by Comptroller of the Currency, under title 12, United States Code, Section 161. Charter Number 33869 Comptroller of the Currency Northeastern District.

## STATEMENT OF RESOURCES AND LIABILITIES

## ASSETS

Thousands of Dollars

Cash and balance due from depository institutions:	
Noninterest-bearing balances and currency and coin.....	1,589,725
Interest-bearing balances.....	144,932
Securities.....	//////////
Hold-to maturity securities.....	406,600
Available-for-sale securities.....	2,331,814
Federal funds sold and securities purchased under agreements to resell.....	//////////
to resell.....	2,102,868
Loans and lease financing receivables:	
Loan and leases, net of unearned income.....	19,281,909
LESS: Allowance for loan and lease losses.....	243,522
LESS: Allocated transfer risk reserve.....	0
Loans and leases, net of unearned income, allowance, and reserve.....	19,038,387
Assets held in trading accounts.....	0
Premises and fixed assets (including capitalized leases)..	405,170
Other real estate owned.....	49,059
Investment in unconsolidated subsidiaries and associated companies.....	//////////
Customer's liability to this bank on acceptances outstanding.	32,905
Intangible assets.....	45,474
Other assets.....	411,739
Total assets.....	642,043
	27,200,716

## LIABILITIES

Deposits:	
In domestic offices.....	21,310,047
Noninterest-bearing.....	4,381,335
interest bearing.....	16,928,712
In foreign offices, Edge and Agreement subsidiaries, and IBFs.....	519,225
Noninterest-bearing.....	215
Interest-bearing.....	519,010
Federal funds purchased and securities sold under agreements to repurchase	1,771,997
Demand notes issued to the U.S. Treasury.....	99,991
Trading liabilities.....	0
Other borrowed money.....	//////////
With original maturity of one year or less.....	12,151
With original maturity of more than one year.....	14,852
Not Applicable	//////////
Bank's liability on acceptances executed and outstanding....	43,884
Subordinated notes and debentures.....	450,000
Other liabilities.....	642,872
Total liabilities.....	24,867,019
Limited-life preferred stock and related surplus.....	0

## EQUITY CAPITAL

Perpetual preferred stock and related surplus.....	160,540
Common Stock.....	452,156
Surplus.....	1,300,080
Undivided profits and capital reserves.....	452,724
Net unrealized holding gains (losses) on available-for-sale securities.....	//////////
(31,803)	
Cumulative foreign currency translation adjustments.....	0
Total equity capital.....	2,333,697
Total liabilities, limited-life preferred stock and equity..	//////////
capital.....	27,200,716