

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) 23 April 2001

Air Products and Chemicals, Inc.

(Exact name of registrant as specified in charter)

Delaware ----- (State of other jurisdiction of incorporation)	1-4534 ----- (Commission file number)	23-1274455 ----- (IRS Identification number)
7201 Hamilton Boulevard, Allentown, Pennsylvania ----- (Address of principal executive offices)		18195-1501 ----- (Zip Code)

Registrant's telephone number, including area code (610) 481-4911

Item 5. Other Items

AIR PRODUCTS REPORTS NET INCOME FROM OPERATIONS OF 54 CENTS

LEHIGH VALLEY, Pa. (April 23, 2001) - Air Products and Chemicals, Inc. (NYSE:APD) today reported net income from operations of \$118 million, or diluted operating earnings per share of 54 cents for the March quarter. Excluding disclosed special items in both years, diluted operating earnings per share declined 13 percent compared with prior year earnings of 62 cents per share. Net income from operations declined 11 percent compared with prior year earnings of \$133 million, primarily due to higher natural gas prices and lower volumes in the chemicals business.

As reported net income for the March 2001 quarter was \$95 million, or 43 cents on a diluted earnings per share basis. Prior year net income as reported was \$48 million, or 22 cents per share. The following discussion excludes special items.

Revenues of \$1.5 billion increased 11 percent compared with prior year revenues. Industrial gas sales were particularly strong in global markets such as electronics and the chemicals and processing industries (CPI) and in Asia.

Commenting on the quarter, Air Products Chairman and Chief Executive Officer John P. Jones said, "As expected, this quarter's earnings were affected by the weaker economy and higher energy and raw material prices, which hit our chemicals business particularly hard. In the face of these short-term challenges, our strategies continue to generate growth, and our long-term fundamentals remain positive. The entire Air Products team remains focused on execution. We continue to develop ways to better serve our customers and manage costs in all areas."

Industrial gas sales increased 24 percent and operating income increased 11

percent compared with the prior year. Excluding natural gas and currency effects, industrial gas sales were up 14 percent. Sales to the electronics market, including premier specialty gases and high purity specialty chemicals, grew by more than 50 percent, significantly driving profitability. CPI continued to

perform well despite higher natural gas costs early in the quarter, which impacted demand. In Asia, strength in electronics and better plant loading increased profitability. Adjusted for currency effects, sales of bulk and packaged gases, particularly to the medical gases market, led to solid European results. Exceptionally high energy and raw material costs and a slower economic environment led to lower operating results for North American gases.

The worldwide gases operating margin of 17.6 percent was affected by higher natural gas prices. Adjusted for the pass-through effects of natural gas on revenues, the margin was approximately 19.6 percent-equal to last year's margin.

Chemicals' sales declined three percent compared with last year, excluding the polyvinyl alcohol business divestiture. The chemicals business was severely affected by lower volumes, higher natural gas costs and lower margins as price increases continued to lag raw material cost increases. As a result, operating income fell by more than 50 percent.

Commenting on the outlook for Air Products' chemicals business, Mr. Jones noted the company anticipates lower raw material costs in the second half of its fiscal year. "We also expect volumes to recover on normal seasonality. While the economy may temper the pace of recovery, we don't expect the combination of factors that drove Chemicals' disappointing results this quarter to continue."

Regarding the company's gases and equipment businesses, Mr. Jones said, "Thanks to our leadership positions in the higher growth electronics and CPI markets, and our #2 position in the European healthcare market, weaker economic conditions had less impact on our gases business. Additionally, in many cases we can recover increased natural gas and power costs. These strengths more than offset weaker demand in our North American merchant and packaged gases businesses. Based on continued strength in our key markets and regions, we expect gases will continue to perform. We are also experiencing accelerated activity in our natural gas liquefaction or LNG equipment business, which will contribute to this year's bottom line results."

Mr. Jones concluded, "Together, these factors lead us to anticipate our earnings per share from operations for fiscal 2001 will be in the range of \$2.40 to \$2.45."

***NOTE: The forward-looking statements contained in this release are based on current expectations regarding important risk factors. Actual results may differ materially from those expressed. Factors that might cause forward-looking statements to differ materially from actual results include, among other things, overall economic and business conditions; demand and timing of the placing of orders for the goods and services of Air Products; competitive factors in the industries in which it competes; whether prices of natural gas and other raw materials fall in the second half of fiscal 2001; the ability to recover increased energy and raw material costs from customers; the availability of utilities, particularly in California, to provide electrical power; changes in government regulation; success of implementing cost reduction programs; the timing, impact and other uncertainties of future acquisitions or divestitures; fluctuations in interest rates and foreign currencies; the impact of tax and other legislation and regulations in the jurisdictions in which Air Products and its affiliates operate; and the timing and rate at which tax credits can be utilized.

Financial tables follow:

AIR PRODUCTS AND CHEMICALS, INC.
SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION
(Unaudited)

(Millions of dollars, except per share)

	Three Months Ended 31 March		Six Months Ended 31 March	
	2001	2000	2001	2000
Sales	\$1,498.3	\$1,347.2	\$2,939.6	\$2,611.6
Net Income:				
As reported	\$ 94.6	\$ 47.6	\$230.2	\$ 98.2
Exclusive of special items	\$118.3(a)	\$133.2(b)	\$253.9(a)	\$254.4(c)
Basic Earnings Per Share:				
As reported	\$.44	\$.22	\$1.07	\$.46
Exclusive of special items	\$.55	\$.62	\$1.18	\$1.19
Diluted Earnings Per Share:				
As reported	\$.43	\$.22	\$1.05	\$.46
Exclusive of special items	\$.54(a)	\$.62(b)	\$1.16(a)	\$1.18(c)
Operating Return on Net Assets			11.3%	10.1%
Capital Expenditures			\$329.3	\$604.0
Depreciation	\$143.3	\$144.6	\$291.7	\$276.3

- (a) Excludes an after-tax charge of \$20.0 million, or \$.09 per share, for a global cost reduction plan and an after-tax charge of \$3.7 million, or \$.02 per share, for costs related to a litigation settlement.
- (b) Excludes an after-tax charge of \$84.1 million, or \$.39 per share, for costs related to the BOC transaction, an after-tax charge of \$5.5 million, or \$.03 per share, for a global cost reduction plan, and an after-tax gain of \$4.0 million, or \$.02 per share, on the sale of packaged gas facilities.
- (c) Excludes an after-tax charge of \$154.7 million, or \$.72 per share, for costs related to the BOC transaction, an after-tax charge of \$5.5 million, or \$.03 per share, for a global cost reduction plan, and an after-tax gain of \$4.0 million, or \$.02 per share, on the sale of packaged gas facilities. The costs related to the BOC transaction consist primarily of charges recorded on purchased option and forward exchange contracts entered into to hedge the currency exposure of the transaction.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED INCOME
(Unaudited)

(Millions of dollars, except per share)

	Three Months Ended 31 March		Six Months Ended 31 March	
	2001	2000	2001	2000
SALES AND OTHER INCOME				
Sales	\$1,498.3	\$1,347.2	\$2,939.6	\$2,611.6
Other income (expense), net	(9.0)	7.1	4.3	13.9
	1,489.3	1,354.3	2,943.9	2,625.5
COSTS AND EXPENSES				
Cost of sales	1,104.8	925.6	2,129.9	1,802.7
Selling and administrative	189.5	179.9	363.0	347.7
Research and development	30.8	29.9	59.3	60.0
	164.2	218.9	391.7	415.1
Income from equity affiliates, net of related expenses	16.9	21.3	37.8	41.6
Loss on currency hedges related to BOC transaction and expenses	--	134.7	--	247.9
Interest expense	50.3	46.8	98.7	88.1
	130.8	58.7	330.8	120.7
INCOME BEFORE TAXES AND MINORITY INTEREST				
Income taxes	36.6	8.3	98.3	17.4
Minority interest (a)	(.4)	2.8	2.3	5.1
	\$94.6	\$47.6	\$230.2	\$98.2
BASIC EARNINGS PER COMMON SHARE				
	\$.44	\$.22	\$1.07	\$.46
DILUTED EARNINGS PER COMMON SHARE				
	\$.43	\$.22	\$1.05	\$.46
WEIGHTED AVERAGE NUMBER OF COMMON SHARES (in millions)				
	214.5	213.3	214.4	213.2
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES (in millions) (b)				
	218.9	215.4	218.4	215.5
DIVIDENDS DECLARED PER COMMON SHARE - Cash				
	\$.19	\$.18	\$.38	\$.36

(a) Minority interest primarily includes before-tax amounts.

(b) The dilution of earnings per common share is due mainly to the impact of unexercised stock options.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

Millions of dollars)

ASSETS	2001	31 March 2000
CURRENT ASSETS		
Cash and cash items	\$100.6	\$ 92.7
Trade receivables, less allowances for doubtful accounts	1,049.8	923.1
Inventories and contracts in progress	514.2	497.7
Other current assets	240.3	381.2
TOTAL CURRENT ASSETS	1,904.9	1,894.7
INVESTMENTS IN NET ASSETS OF AND ADVANCES TO EQUITY AFFILIATES	493.8	505.9
PLANT AND EQUIPMENT, at cost	10,451.6	10,491.3
Less - Accumulated depreciation	5,274.9	5,120.7
PLANT AND EQUIPMENT, net	5,176.7	5,370.6
GOODWILL AND OTHER NONCURRENT ASSETS	709.1	799.1
TOTAL ASSETS	\$8,284.5	\$8,570.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$577.0	\$538.3
Accrued liabilities	336.6	377.4
Unrealized loss on forward contracts related to BOC transaction	-	188.7
Accrued income taxes	17.1	49.3
Short-term borrowings	209.1	440.6
Current portion of long-term debt	302.0	115.3
TOTAL CURRENT LIABILITIES	1,441.8	1,709.6
LONG-TERM DEBT	2,515.6	2,506.9
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	534.3	566.8
DEFERRED INCOME TAXES	785.6	744.2
TOTAL LIABILITIES	5,277.3	5,527.5
MINORITY INTERESTS IN SUBSIDIARY COMPANIES	117.4	119.5
TOTAL SHAREHOLDERS' EQUITY	2,889.8	2,923.3
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$8,284.5	\$8,570.3

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONDENSED CONSOLIDATED CASH FLOWS
(Unaudited)

(Millions of dollars)

	Six Months Ended 31 March 2001	2000
OPERATING ACTIVITIES		
Net Income	\$230.2	\$98.2
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation	291.7	276.3
Impairment of long-lived assets	6.4	--
Deferred income taxes	7.1	12.9
Loss on BOC transaction	--	201.3
Undistributed earnings of unconsolidated affiliates	(19.9)	(25.5)
Gain on sale of assets and investments	(.6)	(10.9)
Other	(14.6)	35.9
Working capital changes that provided (used) cash, net of effects of acquisitions:		
Trade receivables	(82.2)	(41.5)
Inventories and contracts in progress	(37.9)	6.8
Payables, trade and other	1.6	30.7
Other	(1.9)	(82.6)
CASH PROVIDED BY OPERATING ACTIVITIES	379.9	501.6
INVESTING ACTIVITIES		
Additions to plant and equipment (a)	(302.3)	(378.6)
Acquisitions, less cash acquired (b)	--	(168.7)
Investment in and advances to unconsolidated affiliates	(26.5)	(16.5)
Proceeds from sale of assets and investments	32.2	30.0
Other	23.0	(15.3)
CASH USED FOR INVESTING ACTIVITIES	(273.6)	(549.1)
FINANCING ACTIVITIES		
Long-term debt proceeds	54.4	507.5
Payments on long-term debt	(21.4)	(369.6)
Net (decrease) increase in commercial paper and short-term borrowings	(25.7)	10.5
Purchase of treasury stock	(50.0)	--
Dividends paid to shareholders	(81.5)	(76.8)
Other	27.0	1.8
CASH (USED FOR) PROVIDED BY FINANCING ACTIVITIES	(97.2)	73.4
Effect of Exchange Rate Changes on Cash	(2.6)	5.2
Increase in Cash and Cash Items	6.5	31.1
Cash and Cash Items - Beginning of Year	94.1	61.6
Cash and Cash Items - End of Period	\$100.6	\$92.7

(a) Excludes capital lease additions of \$0.5 million and \$16.0 million in fiscal 2001 and 2000, respectively.

(b) Excludes \$24.2 million of long-term debt assumed in acquisitions in fiscal 2000.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

The results for the three and six months ended 31 March 2001 include a charge of \$30.9 million (\$20.0 million after-tax, or \$.09 per share) for a global cost reduction plan. The plan includes 311 position eliminations, resulting in a charge of \$22.4 million for severance and termination benefits. A charge of \$8.5 million was recognized for asset impairments and other related restructuring costs. The restructuring charges included in cost of sales, selling and administrative, and other expense were \$14.4 million, \$9.4 million, and \$7.1 million, respectively. The results for the three and six months ended 31 March 2001 also include a charge of \$6.0 million (\$3.7 million after-tax, or \$.02 per share) related to a litigation settlement.

Income from equity affiliates, net of related expenses, contributed \$.07 and \$.09 per share to diluted earnings per share for the three months ended 31 March 2001 and 31 March 2000, respectively. Income from equity affiliates, net of related expenses, contributed \$.16 and \$.18 per share to diluted earnings per share for the six months ended 31 March 2001 and 31 March 2000, respectively.

The company, The BOC Group plc (BOC) and L'Air Liquide S.A. (Air Liquide) of France announced in July 1999 that they had agreed to the terms of a recommended offer for the share capital of BOC. In May 2000, the company and Air Liquide announced the Federal Trade Commission had indicated it would not approve the offer by 12 May 2000, the date on which the period for satisfying the preconditions to the offer would expire, and the offer was not extended beyond 12 May 2000. As a result, certain costs and financing fees that had been deferred were expensed in the third quarter of fiscal 2000.

The results for the three and six months ended 31 March 2000 include a charge of \$134.7 million (\$84.1 million after-tax, or \$.39 per share) and \$247.9 million (\$154.7 million after-tax, or \$.72 per share), respectively, for costs related to the BOC transaction. These costs consist primarily of charges recorded on purchased option and forward exchange contracts entered into to hedge the currency exposure of the BOC transaction.

The results for the three and six months ended 31 March 2000 include a charge of \$8.7 million (\$5.5 million after-tax, or \$.03 per share) for the global cost reduction plan and a gain of \$6.3 million (\$4.0 million after-tax, or \$.02 per share) related to the sale of packaged gas facilities. The restructuring charges included in cost of sales, selling and administrative, and research and development were \$3.3 million, \$4.4 million, and \$1.0 million, respectively.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
SUMMARY BY BUSINESS SEGMENTS
(Unaudited)

Business segment information is shown below:

(Millions of dollars)	Three Months Ended 31 March		Six Months Ended 31 March	
	2001	2000	2001	2000
Revenues from external customers				
Gases	\$1043.2	\$842.1	\$2035.4	\$1,622.7
Equipment	64.8	53.8	120.6	104.4
Chemicals	390.3	451.3	783.6	884.5
Segment Totals	1,498.3	1,347.2	2,939.6	2,611.6
Consolidated Totals	\$1,498.3	\$1,347.2	\$2,939.6	\$2,611.6
Operating income				
Gases	\$156.8	\$171.0	\$348.2	\$324.3
Equipment	3.5	5.6	4.6	6.8
Chemicals	18.5	50.0	55.5	101.6
Segment Totals	178.8	226.6	408.3	432.7
Corporate research and development and other income/(expense)	(14.6)	(7.7)	(16.6)	(17.6)
Consolidated Totals	\$164.2	\$218.9	\$391.7	\$415.1
Operating income (excluding special items)				
Gases	\$183.1(a)	\$164.7(c)	\$374.5(a)	\$318.0(c)
Equipment	3.5	5.6	4.6	6.8
Chemicals	23.1(b)	58.7(d)	60.1(b)	110.3(d)
Segment Totals	209.7	229.0	439.2	435.1
Corporate research and development and other income/(expense)	(8.6)(e)	(7.7)	(10.6)(e)	(17.6)
Consolidated Totals	\$201.1	\$221.3	\$428.6	\$417.5
Equity affiliates' income				
Gases	16.6	\$17.8	\$35.3	\$34.2
Equipment	.2	.5	.9	.8
Chemicals	--	3.1	1.5	6.7
Segment Totals	16.8	21.4	37.7	41.7
Other	.1	(.1)	.1	(.1)
Consolidated Totals	\$16.9	\$21.3	\$37.8	\$41.6

(Millions of dollars)

	31 March	
	2001	2000
Total assets		
Gases	\$6,368.7	\$6,243.1
Equipment	232.8	217.2
Chemicals	1,510.8	1,712.7
Segment Totals	8,112.3	8,173.0
Corporate assets	172.2	397.3
Consolidated Totals	\$8,284.5	\$8,570.3

	Twelve Months Ended 31 March	
	2001	2000
ORONA (f)		
Gases	12.9%	10.8%
Equipment	6.3%	4.7%
Chemicals	9.6%	12.8%
Segment Totals	12.0%	11.0%
Consolidated Totals	11.3%	10.1%

- (a) The results for the three and six months ended 31 March 2001 exclude a cost reduction charge of \$26.3 million.
- (b) The results for the three and six months ended 31 March 2001 exclude a cost reduction charge of \$4.6 million.
- (c) The results for three and six months ended 31 March 2000 exclude a gain on the sale of packaged gas facilities of \$6.3 million.
- (d) The results for three and six months ended 31 March 2000 exclude a cost reduction charge of \$8.7 million.
- (e) The results for the three and six months ended 31 March 2001 exclude a litigation settlement charge of \$6.0 million.
- (f) Operating return on net assets (ORONA) is calculated as the rolling four quarter sum of operating income divided by the rolling five quarter average of total assets less investments in equity affiliates. The ORONA calculation excludes all special items impacting operating income.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
SUMMARY BY GEOGRAPHIC REGIONS
(Unaudited)

(Millions of dollars)

	Three Months Ended 31 March		Six Months Ended 31 March	
	2001	2000	2001	2000
Revenues from external customers				
United States	\$1,018.8	\$879.3	\$1,988.6	\$1,718.5
United Kingdom	116.1	124.4	218.9	245.5
Spain	78.0	78.9	147.8	155.7
Other Europe	152.8	149.1	294.0	289.9
Total Europe	346.9	352.4	660.7	691.1
Canada/Latin America	56.4	55.0	122.3	113.4
Asia	76.2	60.4	167.9	88.4
All Other	--	.1	.1	.2
Total	\$1,498.3	\$1,347.2	\$2,939.6	\$2,611.6

Note: Geographic information is based on country of origin. The other Europe segment operates principally in France, Germany, Netherlands, and Belgium.

Media Inquiries:

Lisa Walsh, tel: (610) 481-5784; e-mail: walshla@apci.com.

Investor Inquiries:

Alexander W. Masetti, tel: (610) 481-7461; e-mail: masettaw@apci.com.

Item 9. Regulation FD Disclosure

The Q2 earnings teleconference following the earnings release which started at 11:15 a.m. EDST on April 23 could be accessed by listening on the Company's web site at <http://www.airproducts.com/fin/quarterly.htm>. Recordings of the earnings teleconference and copies of the slides used will continue to be available at the above web address until midnight on May 1, 2001.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Air Products and Chemicals, Inc.

(Registrant)

Dated: 23 April 2001

By: /s/ Leo J. Daley

Leo J. Daley
Vice President - Finance and Controller
(Chief Financial Officer)