

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 July 2002

Air Products and Chemicals, Inc.
(Exact name of registrant as specified in charter)

Delaware

1-4534

23-1274455

(State of other jurisdiction of incorporation) (Commission file number) (IRS Identification number)

7201 Hamilton Boulevard, Allentown, Pennsylvania

18195-1501

(Address of principal executive offices)

(Zip Code)

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

Item 5. Other Events

AIR PRODUCTS REPORTS THIRD QUARTER EARNINGS PER SHARE OF 63 CENTS

LEHIGH VALLEY, Pa. (July 23, 2002) - Air Products and Chemicals, Inc. (NYSE:APD) today reported net income of \$141 million, or diluted earnings per share (EPS) of \$.63, for its third fiscal quarter ended June 30, 2002. Net income was up seven percent and diluted EPS was up five percent compared with prior year results of \$132 million and \$.60 per share.

Revenues of \$1.37 billion declined five percent compared with the prior year. Excluding the impact of natural gas pass-through, acquisitions, divestitures and currency effects, sales increased two percent reflecting stronger chemicals volumes versus the prior year. Revenues improved five percent from last quarter, principally due to higher volumes.

The company's year-on-year quarterly improvement in net income and EPS was driven by significantly lower interest expense.

"We had a very good quarter," said Air Products Chairman and Chief Executive Officer, John P. Jones. "Our diluted EPS of 63 cents exceeded the guidance we provided last quarter. We also posted strong sequential improvement. Excluding special items from the prior quarter, EPS was up 17 percent, driven by stronger worldwide volumes in our electronics, merchant gases and performance chemicals businesses."

In the Industrial Gases segment, sales of \$916 million declined 10 percent versus the prior year. Excluding natural gas pass-through, acquisitions, divestitures and currency effects, sales declined one percent. Operating income declined five percent versus the prior year due to the divestiture of the U.S. packaged gas business and higher plant maintenance costs. Asia delivered stronger results driven by higher volumes.

Sequentially, gases revenues were up three percent and operating income was up 12 percent. Electronics showed significant sequential improvement and posted a positive year-on-year sales increase for the first time since the second quarter

In the Chemicals segment, sales of \$385 million increased three percent, and operating income of \$48 million increased 21 percent versus the prior year. This was due to higher performance chemicals volumes tied to end-market recovery and higher polyurethane intermediates volumes related to customer outages in the prior year.

Sequentially, performance chemicals strength continued but was offset by amines margin pressures and plant outages.

Equipment sales increased 27 percent over the prior year, and operating income was up due to higher activity in LNG heat exchangers and helium containers.

Regarding Air Products' outlook, Mr. Jones echoed general industry concerns regarding the pace of growth in the manufacturing economy for the September quarter.

"Our third quarter was encouraging, giving us confidence to reaffirm our full-fiscal year operating EPS guidance in the range of \$2.32," he said. "However, the global economic situation remains particularly difficult to predict right now. We will continue to drive hard on the things we can control, positioning us to capitalize on the recovery and ensure the most attractive long-term growth prospects for our investors." Mr. Jones cited a few examples, including the company's recent acquisition of a majority interest in San Fu Chemical Company, Ltd., the largest industrial gas company in Taiwan, with 90 percent of its business serving the strategic, high-growth electronics and CPI markets; a new agreement with Motorola, Inc.'s Semiconductor Products Sector to collaborate on an advanced copper chemical mechanical planarization slurry for semiconductor processing; and recognition by the American Chemistry Council for achieving the best safety record in the category of total recordables among large-scale chemical manufacturers in the U.S. for 2001.

***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 and demand for Air Products' goods and services during that time; competitive factors in the industries in which it competes; the ability to recover increased energy and raw material costs from customers; spikes in the pricing of natural gas; changes in government regulations; consequences of acts of terrorism impacting the United States' and other

markets; the success of implementing cost reduction programs; the timing, impact and other uncertainties of future acquisitions or divestitures; significant fluctuations in interest rates and foreign currencies; the impact of tax and other legislation and regulations in jurisdictions in which Air Products and its affiliates operate; and the timing and rate at which tax credits can be utilized.

Please review the attached financial tables, including the Summary of Consolidated Financial Information:

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

(Millions of dollars, except per share)

	Three Months Ended 30 June		Nine Months Ended 30 June	
	2002	2001	2002	2001
Sales	\$1,374.0	\$1,450.9	\$4,003.2	\$4,461.2
Net Income:				
As reported	\$141.3	\$132.3	\$381.1	\$362.5
Exclusive of special items	\$141.3	\$132.3	\$374.3(a)	\$386.2(b)
Basic Earnings Per Share:				
As reported	\$.65	\$.62	\$1.76	\$1.69
Exclusive of special items	\$.65	\$.62	\$1.73(a)	\$1.80(b)
Diluted Earnings Per Share:				
As reported	\$.63	\$.60	\$1.71	\$1.65
Exclusive of special items	\$.63	\$.60	\$1.68(a)	\$1.76(b)
Operating Return on Net Assets			10.6%	11.1%
Capital Expenditures			\$508.0	\$538.5
Depreciation	\$148.2	\$141.9	\$423.9	\$433.6

(a) Excluded an after-tax gain of \$25.7, or \$.12 per share, on the sale of U.S. packaged gas business and an after-tax charge of \$18.9, or \$.09 per share, for a global cost reduction plan.

(b) Excluded an after-tax charge of \$20.0, or \$.09 per share, for a global cost reduction plan and an after-tax charge of \$3.7, or \$.02 per share, for costs related to a litigation settlement.

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

(Millions of dollars, except per share)

	Three Months Ended		Nine Months Ended	
	2002	2001	2002	2001
SALES	\$1,374.0	\$1,450.9	\$4,003.2	\$4,461.2
COSTS AND EXPENSES				
Cost of sales	976.7	1,039.3	2,856.1	3,239.9
Selling and administrative	172.9	173.3	531.3	536.3
Research and development	31.9	31.0	90.4	90.3
Other (income) expense, net	(22.6)	(8.1)	(28.7)	(12.4)
OPERATING INCOME	215.1	215.4	554.1	607.1
Income from equity affiliates, net of related expenses	17.7	21.8	56.4	59.6
Gain on sale of packaged gas business	--	--	55.7	--
Interest expense	27.5	48.7	93.6	147.4
INCOME BEFORE TAXES AND MINORITY INTEREST	205.3	188.5	572.6	519.3
Income taxes	60.6	53.8	179.0	152.1
Minority interest (a)	3.4	2.4	12.5	4.7
NET INCOME	\$141.3	\$132.3	\$381.1	\$362.5
BASIC EARNINGS PER COMMON SHARE	\$.65	\$.62	\$1.76	\$1.69
DILUTED EARNINGS PER COMMON SHARE	\$.63	\$.60	\$1.71	\$1.65
WEIGHTED AVERAGE NUMBER OF COMMON SHARES (in millions)	218.0	214.9	216.8	214.7
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES (in millions)	224.7	220.5	222.7	219.1
DIVIDENDS DECLARED PER COMMON SHARE - Cash	\$.21	\$.20	\$.61	\$.58

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

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

(Millions of dollars)

	2002	30 June 2001
ASSETS		
CURRENT ASSETS		
Cash and cash items	\$185.8	\$116.1
Trade receivables, less allowances for doubtful accounts	933.4	946.2
Inventories and contracts in progress	451.1	507.2
Other current assets	210.7	210.6
TOTAL CURRENT ASSETS	1,781.0	1,780.1
INVESTMENTS IN NET ASSETS OF AND ADVANCES TO EQUITY AFFILIATES	568.5	511.9
PLANT AND EQUIPMENT, at cost	10,562.1	10,509.4
Less - Accumulated depreciation	5,413.8	5,327.2
PLANT AND EQUIPMENT, net	5,148.3	5,182.2
GOODWILL	381.9	333.3
OTHER NONCURRENT ASSETS	356.8	411.3
TOTAL ASSETS	\$8,236.5	\$8,218.8
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$486.7	\$533.5
Accrued liabilities	352.5	287.0
Accrued income taxes	64.7	3.1
Short-term borrowings	33.4	85.9
Current portion of long-term debt	173.2	286.4
TOTAL CURRENT LIABILITIES	1,110.5	1,195.9
LONG-TERM DEBT	2,007.4	2,542.6
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	689.2	510.1
DEFERRED INCOME TAXES	779.2	833.2
TOTAL LIABILITIES	4,586.3	5,081.8
MINORITY INTERESTS IN SUBSIDIARY COMPANIES	126.5	118.1
TOTAL SHAREHOLDERS' EQUITY	3,523.7	3,018.9
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$8,236.5	\$8,218.8

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

(Millions of dollars)

	Nine Months Ended 30 June	
	2002	2001
OPERATING ACTIVITIES		
Net Income	\$381.1	\$362.5
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation	423.9	433.6
Deferred income taxes	30.8	26.5
Undistributed earnings of unconsolidated affiliates	(33.2)	(45.2)
Gain on sale of assets and investments	(66.6)	1.2
Other	12.1	(19.0)
Working capital changes that provided (used) cash, excluding effects of acquisitions and divestitures:		
Trade receivables	(16.8)	8.5
Inventories and contracts in progress	15.9	(33.2)
Payables, trade and other	(39.2)	(38.1)
Other	16.7	(8.4)
CASH PROVIDED BY OPERATING ACTIVITIES	724.7	688.4
INVESTING ACTIVITIES		
Additions to plant and equipment (a)	(459.8)	(510.1)
Investment in and advances to unconsolidated affiliates	(35.2)	(27.8)
Acquisitions, less cash acquired	(10.3)	--
Proceeds from sale of assets and investments	283.7	42.4
Other	6.3	30.1
CASH USED FOR INVESTING ACTIVITIES	(215.3)	(465.4)
FINANCING ACTIVITIES		
Long-term debt proceeds	43.6	120.5
Payments on long-term debt	(174.1)	(42.1)
Net decrease in commercial paper and short-term borrowings	(229.6)	(157.4)
Purchase of treasury stock	--	(75.0)
Dividends paid to shareholders	(129.8)	(122.2)
Issuance of stock for options and award plans	96.4	77.6
CASH USED FOR FINANCING ACTIVITIES	(393.5)	(198.6)
Effect of Exchange Rate Changes on Cash	3.7	(2.4)
Increase in Cash and Cash Items	119.6	22.0
Cash and Cash Items - Beginning of Year	66.2	94.1
Cash and Cash Items - End of Period	\$185.8	\$116.1

(a) Excludes capital lease additions of \$2.7 and \$.6 in 2002 and 2001, respectively.

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

(Millions of dollars, except per share)

The company adopted Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets," on 1 October 2001. As required by SFAS No. 142, the company performed an impairment test on goodwill as of 1 October 2001, which indicated no impairment of goodwill. As of 1 October 2001, the company is no longer amortizing goodwill, including goodwill associated with investments in equity affiliates. Goodwill amortization in 2001 was \$14.8 on an after-tax basis, or \$.07 per share. Goodwill amortization for the three and nine months ended 30 June 2001 was \$3.6 and \$11.0, on an after-tax basis, or \$.02 and \$.05 per share, respectively.

On 28 February 2002, the company completed the sale of the majority of its U.S. packaged gas business, excluding the electronic gases and magnetic resonance imaging related helium operations, to Airgas, Inc. (Airgas). This sale included approximately 100 facilities in 30 states associated with the filling and distribution of cylinders, liquid dewars, tube trailers, and other containers of industrial gases and non-electronic specialty gases, and the retail selling of welding hardgoods, including customer service centers, warehouses, and other related assets. The company also sold its packaged gas operations in the Carolinas and in Southern Virginia to National Welders Supply Company, Inc., a joint venture between Airgas and the Turner family of Charlotte, N.C. The assets sold generated \$240 in revenues in 2001 with a modest contribution to operating income. For the five months ended 28 February 2002, the revenues were approximately \$100 also with a modest contribution to operating income. These facilities employed 1,200 people. The proceeds from these transactions were \$254.5. The results for the nine months ended 30 June 2002 included a gain of \$55.7 (\$25.7 after-tax, or \$.12 per share).

The results for the nine months ended 30 June 2002 included a charge of \$30.8 (\$18.9 after-tax, or \$.09 per share) for a global cost reduction plan including packaged gas divestiture related reductions. The plan included 333 position eliminations, resulting in a charge of \$27.1 for severance and pension related benefits. A charge of \$3.7 was recognized for asset impairments related to the planned sale or closure of two small chemicals facilities. The restructuring charges included in cost of sales, selling and administrative, research and development, and other expense were \$13.4, \$14.1, \$.4, and \$2.9, respectively.

Income from equity affiliates contributed \$.08 and \$.09 to diluted earnings per share for the three months ended 30 June 2002 and 2001, respectively. Income from equity affiliates contributed \$.24 and \$.25 to diluted earnings per share for the nine months ended 30 June 2002 and 2001, respectively.

The results for the nine months ended 30 June 2001 included a charge of \$30.9 (\$20.0 after-tax, or \$.09 per share) for a global cost reduction plan. The plan included 311 position eliminations, resulting in a charge of \$22.4 for severance and termination benefits. A charge of \$8.5 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, \$9.4, and \$7.1,

respectively. The results for the nine months ended 30 June 2001 also included a charge of \$6.0 (\$3.7 after-tax, or \$.02 per share) related to a litigation settlement.

In July 2002, the company increased its ownership in San Fu Chemical Company, Ltd. (San Fu) from 48% to 70%. Since 1987, the company has had a joint venture arrangement with San Fu, the largest industrial gas company in Taiwan. San Fu is a full service industrial gas and chemical company with a broad product portfolio supplying specialty gases, electronic piping and equipment, liquid/bulk gases, pipeline/on-site gases and chemicals to the Taiwan marketplace. For the nine months ended 30 June 2002, San Fu had revenues of approximately \$153. This investment is consistent with the company's strategy of investing in growth markets (Asia) and industries (electronics) and will provide a stronger foundation for growth in both Taiwan and China.

As of 30 June 2002, the company accounted for its investment in San Fu using the equity method. In July 2002, the company obtained control through the acquisition of an additional 22% of the outstanding shares at a cost of \$106. As part of this transaction, put options have been issued which give other shareholders the right to sell San Fu stock to the company at market price when exercised. The options are effective from January 2005 thru January 2015 and allow for the sale of all stock owned by other shareholders to the company.

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

Business segment information is shown below:

(Millions of dollars)	Three Months Ended		Nine Months Ended	
	2002	2001	2002	2001
	30 June		30 June	
Revenues from external customers				
Gases	\$915.7	\$1,018.9	\$2,706.6	\$3,125.0
Chemicals	385.4	374.7	1,092.5	1,158.3
Equipment	72.9	57.3	204.1	177.9
Segment Totals	1,374.0	1,450.9	4,003.2	4,461.2
Consolidated Totals	\$1,374.0	\$1,450.9	\$4,003.2	\$4,461.2
Operating income				
Gases	\$166.7	\$175.2	\$441.2	\$523.4
Chemicals	47.9	39.7	130.4	95.2
Equipment	5.7	2.7	11.7	7.3
Segment Totals	220.3	217.6	583.3	625.9
Corporate research and development and other income (expense)	(5.2)	(2.2)	(29.2)	(18.8)
Consolidated Totals	\$215.1	\$215.4	\$554.1	\$607.1
Operating income (excluding special items)				
Gases	\$166.7	\$175.2	\$467.4(a)	\$549.7(c)
Chemicals	47.9	39.7	135.0(b)	99.8(d)
Equipment	5.7	2.7	11.7	7.3
Segment Totals	220.3	217.6	614.1	656.8
Corporate research and development and other income (expense)	(5.2)	(2.2)	(29.2)	(12.8)(e)
Consolidated Totals	\$215.1	\$215.4	\$584.9	\$644.0
Equity affiliates' income				
Gases	\$14.4	\$17.8	\$46.5	\$53.1
Chemicals	3.4	3.7	8.5	5.2
Equipment	(.1)	.4	1.4	1.3
Segment Totals	17.7	21.9	56.4	59.6
Other	--	(.1)	--	--
Consolidated Totals	\$17.7	\$21.8	\$56.4	\$59.6

(Millions of dollars)

	2002	30 June 2001
Identifiable assets (f)		
Gases	\$5,771.1	\$5,926.0
Chemicals	1,399.3	1,404.5
Equipment	202.4	206.8
Segment Totals	7,372.8	7,537.3
Corporate assets	295.2	169.6
Consolidated Totals	\$7,668.0	\$7,706.9

	Twelve Months Ended 30 June	
	2002	2001
ORONA (f)		
Gases	11.1%	12.6%
Chemicals	12.7%	9.1%
Equipment	8.1%	6.2%
Segment Totals	11.3%	11.7%
Consolidated Totals	10.6%	11.1%

- (a) The results for the nine months ended 30 June 2002 excluded a cost reduction charge of \$26.2.
- (b) The results for the nine months ended 30 June 2002 excluded a cost reduction charge of \$4.6.
- (c) The results for the nine months ended 30 June 2001 excluded a cost reduction charge of \$26.3.
- (d) The results for the nine months ended 30 June 2001 excluded a cost reduction charge of \$4.6.
- (e) The results for the nine months ended 30 June 2001 excluded a litigation settlement charge of \$6.0.
- (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 (identifiable assets). The ORONA calculation excluded all special items impacting operating income.

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

(Millions of dollars)

	Three Months Ended 30 June		Nine Months Ended 30 June	
	2002	2001	2002	2001
Revenues from external customers				
United States	\$845.8	\$958.0	\$2,503.6	\$2,970.1
Canada	28.5	31.2	80.6	90.5
Total North America	874.3	989.2	2,584.2	3,060.6
United Kingdom	122.4	115.7	341.3	353.8
Spain	89.2	79.5	250.9	236.6
Other Europe	173.8	151.0	506.2	458.5
Total Europe	385.4	346.2	1,098.4	1,048.9
Asia	88.1	84.0	240.1	253.7
Latin America	26.1	31.4	80.3	97.8
All Other	.1	.1	.2	.2
Total	\$1,374.0	\$1,450.9	\$4,003.2	\$4,461.2

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

Media Inquiries:

Elizabeth L. Klebe, tel: (610) 481-4697; e-mail: klebeel@apci.com

Investor Inquiries:

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

Item 9. Regulation FD Disclosure

The Q3 earnings teleconference following the earnings release which started at 11:00 a.m. EDT on July 23, 2002 can 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 11:59 p.m. EDT on July 30, 2002.

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: 25 July 2002

By: /s/ John R. Owings

John R. Owings
Vice President and Chief Financial Officer