SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(Mark One) |X| ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the fiscal year ended September 30, 2000

OR

|_| TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For the transition period from _______ to __________

Commission file number 1-4534

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

Delaware	23-1274455
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

7201 Hamilton Boulevard Allentown, Pennsylvania	18195-1501
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $1.00 per share	New York and Pacific
Preferred Stock Purchase Rights	New York and Pacific
8 3/4% Debentures Due 2021	New York

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
YES X NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the registrant on November 1, 2000 was $8.47 billion. For purposes of the foregoing calculation (i) all directors and/or executive officers have been deemed to be affiliates, but the registrant disclaims that any such director and/or executive officer is an affiliate and (ii) registrant's Flexible Employee Benefit Trust, described under Item 12 of this Report, is deemed a non-affiliate.

The number of shares of Common Stock outstanding as of November 30, 2000 was 229,305,191.

DOCUMENTS INCORPORATED BY REFERENCE

Annual Report to Shareholders for the fiscal year ended September 30, 2000. With the exception of those portions which are incorporated by reference into Parts I, II, and IV of this Form 10-K, the Annual Report is not deemed to be filed.

Proxy Statement for Annual Meeting of Shareholders to be held January 25, 2001 . . . Part III.

FORWARD-LOOKING STATEMENTS

The forward-looking statements contained in this document are based on current expectations regarding important risk factors. Actual results may differ materially from those expressed. In addition to important risk factors and uncertainties referred to in the Management's Discussion and Analysis which is included under Item 7 herein, other important risk factors and uncertainties include overall economic and business conditions; demand for the goods and services of the Company; competitive factors in the industries in which it competes; the ability to recover increased energy and raw material costs through pricing; changes in government regulations; success of implementing cost reduction programs; the timing, impact, and other uncertainties of future acquisitions and divestitures; fluctuations in interest rates and foreign currencies; the impact of tax and other legislation and regulations in the jurisdictions in which the Company and its affiliates operate; and the timing and rate at which tax credits can be utilized.

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PART I

ITEM 1. Business.

Through internal development and by acquisitions, Air Products and Chemicals, Inc. has established an internationally recognized industrial gas and related industrial process equipment business and developed strong positions as a producer of certain chemicals.

The gases business segment recovers and distributes industrial gases such as oxygen, nitrogen, argon, and hydrogen and a variety of medical and specialty gases. This segment also includes the Company's power generation and flue gas treatment businesses. The chemicals business segment produces and markets performance chemicals and chemical intermediates. The equipment business segment supplies cryogenic and other process equipment and related engineering services.

Financial information concerning the Company's business segments appears in Note 21 to the Consolidated Financial Statements included under Item 8 herein, which information is incorporated herein by reference, as are all other specific references herein to information appearing in such 2000 Financial Review Section of the Annual Report.

As used in this Report, the term "Air Products" or "Company" includes subsidiaries and predecessors of the registrant or its subsidiaries, unless the context indicates otherwise.

GASES

The principal industrial gases sold by the Company are oxygen, nitrogen, argon (primarily recovered by the cryogenic distillation of air), hydrogen, carbon monoxide, carbon dioxide (purchased, purified, or recovered through the processing of natural gas or the by-product streams from process plants), synthesis gas (combined streams of hydrogen and carbon monoxide), and helium (purchased or refined from crude helium). Medical and specialty gases are manufactured or blended by the Company or purchased for resale. The gases segment also includes the Company's power generation and flue gas treatment businesses. As discussed below, the Company has decided to pursue divestiture of its interests in these power generation and flue gas treatment businesses.

The Company's gas business involves two principal modes of supply:

"Tonnage" or "on-site" supply--For large volume or "tonnage" users of industrial gases, a plant is built adjacent to, on, or near the customer's facility--hence the term "on-site". Alternatively, the gases are delivered through a pipeline from nearby locations. Supply is generally made under contracts having terms in excess of three years. In numerous areas--the Houston (Texas) Ship Channel including the Port Arthur, Texas, area; "Silicon Valley", California; Los Angeles, California; Phoenix, Arizona; Decatur, Alabama; Central Louisiana; Rotterdam, the Netherlands; Korea; Singapore; Malaysia; and Bahia, Brazil--Air Products' hydrogen, oxygen, carbon monoxide, or nitrogen gas pipelines serve multiple customers from one or more centrally located plants. Industrial gas companies in which the Company has less than controlling interests have pipelines in Thailand, Taiwan, and South Africa.

Merchant supply--Smaller volumes of industrial gas products are delivered to thousands of customers in liquid or gaseous form by tanker trucks or tube trailers. These merchant customers use equipment designed and installed by Air Products to store the product near the point of use, normally in liquid state, and vaporize the product into gaseous state for their use as needed. Some customers are also supplied by small on-site generators using noncryogenic technology based on adsorption and membrane technology, which, in certain circumstances, the Company sells to its customers. Merchant customers' contract terms normally are from three to five years. Merchant gases and various specialty gases are also delivered in cylinders, dewars, and lecture bottle sizes.

Oxygen, nitrogen, argon, and hydrogen sold to merchant customers are usually recovered at large "stand-alone" facilities located near industrial areas or high-tech centers, or at small noncryogenic generators, or are taken from tonnage plants used primarily to supply tonnage users. Tonnage plants are frequently designed to have more capacity than is required by their principal customer to recover additional product that is liquefied for sale to a merchant market. Air Products also designs and builds systems for recovering oxygen, hydrogen, nitrogen, carbon monoxide, and low dew point gases using adsorption technology.

Tonnage and merchant sales of atmospheric gases--oxygen, nitrogen, and argon--constituted approximately 26% of Air Products' consolidated sales in fiscal years 2000 and 1999 and were approximately 25% in fiscal year 1998. Tonnage and merchant sales of industrial gases--principally oxygen, nitrogen, and hydrogen--to the chemical process industry and the electronics industry, the largest consuming industries, were approximately 17% and 10%, respectively, of Air Products' consolidated sales in fiscal year 2000.

Other important consumers of Air Products' industrial and specialty gases are the basic steel industry, the oil industry (which uses inert nitrogen for oil well stimulation and field pressurization and hydrogen and oxygen for refining), and the food industry (which uses liquid nitrogen for food freezing). Air Products believes that it is the largest liquefier of hydrogen, which it supplies to many customers, including the National Aeronautics and Space Administration for its space shuttle program.

Helium is sold for use in magnetic resonance imaging equipment, controlled atmospheres processes, and welding. Medical gases are sold in the merchant market to hospitals and clinics, primarily for inhalation therapy.

Specialty gases include fluorine products, rare gases such as xenon, krypton, and neon, and more common gases of high purity or gases which are precisely blended as mixtures. Specialty chemicals for use by the electronics industry include silane, arsine, silicon tetrafluoride, nitrogen trifluoride, carbon tetrafluoride, hexafluoromethane, and tungsten hexafluoride. These gases and chemicals are used in numerous industries and in electronic and laboratory applications. In certain circumstances, the Company sells equipment related to the use, handling, and storage of such specialty gases and specialty chemicals.

Sales of industrial gases to merchant customers and/or sales of specialty products to the electronics industry are made principally through field sales forces from 120 offices in 37 states in the United States and Puerto Rico, and from 191 offices in 24 foreign countries. In addition, industrial gas companies in which the Company has investments operate in more than 30 foreign countries.

Electricity and hydrocarbons, including natural gas as a feedstock for producing certain gases, are important to Air Products' gas business. See "Raw Materials and Energy". The Company's large truck fleet, which delivers products to merchant customers, requires a readily available supply of gasoline or diesel fuel. Also, environmental and health laws and regulations will continue to affect the Company's gas businesses. See "Environmental Controls".

Power Generation and Flue Gas Desulfurization

Air Products operates and has 50% interests in a 49-megawatt fluidized-bed coal-fired power generation facility in Stockton, California; an 85-megawatt coal waste burning power generation facility in western Pennsylvania; a 25-megawatt gas-fired combined cycle power generation facility in Calvert City, Kentucky; a 120-megawatt gas-fired combined cycle power generation facility in Orlando, Florida; and a 24-megawatt gas-fired combined cycle power generation facility near Rotterdam, the Netherlands. A 112-megawatt gas-fueled power generation facility, in which the Company has a 48.8% interest, operates in Thailand and supplies electricity to a state-owned electricity generating authority and steam and electricity to an Air Products industrial gases affiliate. Air Products operates and owns a 50% interest in a facility utilizing Mitsubishi Heavy Industries, Ltd. flue gas desulfurization (FGD) technology systems for removing sulfur dioxide from the flue gas of a coal-fired power generation plant in Indiana.

The Company is assessing the possible divestiture of its interests in most of the cogeneration facilities and its FGD facility.

Additional information with respect to the Company's power generation and flue gas treatment businesses is included in Notes 8 and 16 to the Consolidated Financial Statements included under Item 8 herein.

CHEMICALS

The Company's chemicals businesses consist of performance chemicals and chemical intermediates where the Company is able to differentiate itself by the performance of its products in the customer's application, the technical service which the Company provides, and the scale of production and the production technology employed by the Company.

Performance Chemicals

The principal businesses of performance chemicals are emulsions and specialty, polyurethane, and epoxy additives. Total sales from the performance chemicals business constituted approximately 21% of Air Products' consolidated sales in fiscal year 2000, 22% in fiscal year 1999, and 20% in fiscal year 1998.

Additives

Air Products' additives chemicals are differentiated from the competition based on their performance when used in the customer's products and the technical service which the Company provides.

Specialty Additives--These products are primarily acetylenic alcohols and amines which are used as performance additives in coatings, lubricants, electro-deposition processes, agricultural formulations, and corrosion inhibitors.

Polyurethane Additives--These products include catalysts and surfactants which are used as performance control additives and processing aids in the production of both flexible and rigid polyurethane foam around the world. The principal end markets for polyurethane foams include furniture cushioning, insulation, carpet underlay, bedding, and automobile seating.

Epoxy Additives--These products include polyamides, aromatic amines, cycloaliphatic amines, reactive diluents, and specialty epoxy resins which are used as performance additives in epoxy formulations by epoxy manufacturers worldwide. The end markets for epoxies are coatings, flooring, adhesives, reinforced composites, and electrical laminates.

Emulsions

Air Products' emulsions are water-based and water-soluble products derived primarily from vinyl acetate monomer.

The Company's major emulsions products are vinyl acetate homopolymer emulsions and AIRFLEX(R) vinyl acetate-ethylene copolymer emulsions. The Company also produces emulsions which incorporate vinyl chloride and various acrylates in the polymer. These products are used in adhesives, nonwoven fabric binders, paper coatings, paints, inks, and carpet backing binder formulations.

Air Products owns 65% of a worldwide joint venture with Wacker-Chemie GmbH that produces polymer emulsions and pressure-sensitive adhesives. The Company also owns 20% of a worldwide joint venture with Wacker-Chemie that produces redispersible powders made from polymer emulsions.

Pressure-sensitive adhesives are water-based acrylic emulsions which are used for both permanent and removable pressure-sensitive adhesives primarily for labels and tapes.

Chemical Intermediates

The chemical intermediates businesses use the Company's proprietary technology and scale of production to differentiate themselves from the competition. The principal intermediates sold by the Company include amines and polyurethane intermediates. The Company also produces certain industrial chemicals (ammonia, methanol, and nitric acid) as raw materials for its differentiated products. Total third-party sales from the chemical intermediates businesses constituted 12% of Air Products' consolidated sales in fiscal year 2000 and 11% in each of fiscal years 1999 and 1998.

Amines--The Company produces a broad range of amines using ammonia and methanol, which are both manufactured by Air Products, and other alcohol feedstocks purchased from various suppliers. Other, more specialized amines, are produced by the hydrogenation of purchased intermediates. Substantial quantities of these products are sold under long-term contracts to a small number of customers. These products are used by the Company's customers as raw materials in the manufacture of herbicides, pesticides, water treatment chemicals, animal nutrients, polyurethane coatings, artificial sweeteners, rubber chemicals, and pharmaceuticals. Ammonia is a feedstock for its alkylamines business, and the excess over this requirement is converted to ammonium nitrate prills and solutions which are primarily sold to customers as fertilizers or for other agricultural applications. Methanol is principally used by Air Products as a feedstock in methylamine production, and the excess over this requirement is marketed to the methanol market.

Polyurethane Intermediates--The Company produces dinitrotoluene ("DNT") and toluene diamine ("TDA") for use as intermediates by the Company's customers in the manufacture of a major precursor of flexible polyurethane foam. The principal end markets for flexible polyurethane foams include furniture cushioning, carpet underlay, bedding, and seating in automobiles. Virtually all of the Company's production of DNT and TDA is sold under long-term contracts to a small number of customers.

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During the fourth quarter of fiscal year 2000, the Company completed the sale of its polyvinyl alcohol business to Celanese AG, Kronberg, Germany. Included in this sale were facilities in Pasadena, Texas and Calvert City, Kentucky.

Chemical sales are supported from various locations in the United States, England, Germany, Brazil, Mexico, the Netherlands, Japan, China, Singapore, and South Africa, and through sales representatives or distributors in most industrialized countries. Dry products are delivered in railcars, trucks, drums, bags, and cartons. Liquid products are delivered by barge, rail tank cars, tank-trailers, drums and pails, and, at one location, by pipeline.

The chemicals business depends on adequate energy sources, including natural gas as a feedstock for the production of certain products (see "Raw Materials and Energy") and will continue to be affected by various environmental and health laws and regulations (see "Environmental Controls").

EQUIPMENT

The Company designs and manufactures equipment for cryogenic air separation, gas processing, natural gas liquefaction, and hydrogen purification. Air Products also designs and builds systems for recovering hydrogen, nitrogen, carbon monoxide, carbon dioxide, and low dew point gases using membrane technology. Additionally, a broad range of plant design, engineering, procurement, and construction management services is provided for the above areas. Equipment is manufactured for use by the gases segment and for sale in industrial markets which include the Company's international industrial gas affiliates.

The backlog of orders (including letters of intent) believed to be firm from other companies and equity affiliates for equipment was approximately $149 million on September 30, 2000, approximately 34% of which relates to cryogenic air separation, as compared with a total backlog of approximately $175 million on September 30, 1999. It is expected that approximately $131 million of the backlog on September 30, 2000, will be completed during fiscal year 2001.

Foreign Operations

Air Products, through subsidiaries and affiliates, conducts business in numerous countries outside the United States. The structure of the Air Products gas business in Europe mirrors the Company's United States operation. Air Products' international business is subject to risks customarily encountered in foreign operations, including fluctuations in foreign currency exchange rates and controls, import and export controls, and other economic, political, and regulatory policies of local governments.

Majority and wholly owned industrial gas subsidiaries operate in Argentina, Brazil, Canada, and throughout Europe and Asia in 14 and eight countries, respectively. There are 50% industrial gas joint ventures in Africa, South Africa, Canada, four countries in Europe, and three in Asia, and less than controlling interests in Canada and Mexico, two countries in Europe, and five in Asia. The Company has a 50% interest in a power generation facility in the Netherlands and a 48.8% interest in one in Thailand.

The principal geographic markets for the Company's chemical products are North America, Europe, Asia, Brazil, and Mexico. Majority and wholly owned subsidiaries operate in Germany, Italy, the Netherlands, the United Kingdom, Australia, Singapore, Japan, Korea, and Mexico. The Company also has 50% joint ventures in Japan for distribution of POLYCAT(R) and manufacture and sale of DABCO(R) amine catalysts. The polymer emulsions and pressure-sensitive adhesives joint venture with Wacker-Chemie GmbH has headquarters in the United States and production facilities in the United States, Germany, Mexico, and Korea, along with a technical service center in Shanghai, China. Headquarters for the 20% investment in the redispersible powder venture with Wacker-Chemie are in Germany with manufacturing facilities in Germany and the United States.

Financial information about Air Products' foreign operations and investments is included in Notes 8, 10, and 21 to the Consolidated Financial Statements included under Item 8 herein. Information about foreign currency translation is included in Note 1 to the Consolidated Financial Statements included under Item 8 herein, under "Foreign Currency", and information on Company exposure to currency fluctuations is included in Note 5 to the Consolidated Financial Statements included under Item 8 herein, under "Foreign Exchange Contracts". Export sales from operations in the United States to unconsolidated customers amounted to $558 million, $528 million, and $650 million in 2000, 1999, and 1998, respectively. Total export sales in fiscal year 2000 included $42 million in export sales to affiliated customers. The sales to affiliated customers were primarily equipment sales.

Technology Development

Air Products conducts research and development principally in its laboratories located in Trexlertown, Pennsylvania, as well as in Manchester, England; Utrecht, the Netherlands; and Barcelona, Spain. The Company also funds and works closely on research and development programs with a number of major universities and conducts a sizable amount of research work funded by others, principally the United States Government.

The Company's market-oriented approach to technology development encompasses research and development and engineering, as well as commercial development.

The amount expended by the Company on research and development during fiscal year 2000 was $124 million and was $123 million and $112 million during fiscal years 1999 and 1998, respectively.

In the gases and equipment segments, technology development is directed primarily to developing new and improved processes and equipment for the production and delivery of industrial gases and cryogenic fluids, developing new products, and developing new and improved applications for industrial gases. It is through such applications and improvements that the Company has become a major supplier to the electronics, polymer, petroleum, rubber, plastics, food processing, and paper industries. Through fundamental research into inorganic and polymer materials, advanced process engineering, and integrated manufacturing methods, the Company discovers, develops, and improves the economics of noncryogenic gas separation technologies. Additionally, technology development for the equipment business is directed primarily to reducing the capital and operating costs of its facilities and to commercializing new technologies in gas production and separation.

In the chemicals segment, technology development is primarily concerned with new products and applications to strengthen and extend our present positions in polymer and performance chemicals. In addition, a major continuing effort supports the development of new and improved manufacturing technology for chemical intermediates and various types of polymers.

A corporate research group supports the research efforts of the Company's various businesses. This group includes the Company's Corporate Science and Technology Center, which conducts exploratory research in areas important to the long-term growth of the Company's core businesses, e.g., gas and fluid separations, polymer science, organic synthesis, electronic chemicals, and fluorine chemicals.

As of November 7, 2000, Air Products owned 909 United States patents and 1,561 foreign patents. The Company is also licensed to practice under patents owned by others. While the patents and licenses are considered important, Air Products does not consider its business as a whole to be materially dependent upon any particular patent or patent license, or group of patents or licenses.

Raw Materials and Energy

The Company manufactures hydrogen, carbon monoxide, synthesis gas, carbon dioxide, and methanol principally from natural gas. Such products accounted for approximately 10% of the Company's consolidated sales in fiscal year 2000. The Company's principal raw material purchases are chemical intermediates produced by others from basic petrochemical feedstocks such as olefins and aromatic hydrocarbons. These feedstocks are generally derived from various crude oil fractions or from liquids extracted from natural gas. The Company purchases its chemical intermediates from many sources and generally is not dependent on one supplier. However, with respect to vinyl acetate monomer which supports the polymer business, the Company is heavily dependent on a single supplier under a long-term contract which produces vinyl acetate monomer from several facilities. The Company characterizes the availability of these chemical intermediates as generally being readily available. The Company uses such raw materials in the production of emulsions, amines, polyurethane intermediates, specialty additives, polyurethane additives, and epoxy additives. Such products accounted for approximately 33% of the Company's consolidated sales in fiscal year 2000. Natural gas is an energy source at a number of the Company's facilities. The Company also purchases ammonia under long-term contracts as a feedstock for several of its chemicals facilities.

The Company's industrial gas facilities use substantial amounts of electrical power. Any shortage of electrical power or interruption of its supply or increase in its price which cannot be passed through to customers for competitive reasons will adversely affect the merchant gas business of the Company.

In addition, the Company purchases finished and semi-finished materials and chemical intermediates from many suppliers. During fiscal year 2000 no significant difficulties were encountered in obtaining adequate supplies of energy or raw materials.

Environmental Controls

The Company is subject to various environmental laws and regulations in the United States and foreign countries where it has operations. Compliance with these laws and regulations results in higher capital expenditures and costs. Additionally, from time to time, the Company is involved in proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act (the federal Superfund law), similar state laws, and the Resource Conservation and Recovery Act (RCRA) relating to the designation of certain sites for investigation and possible cleanup. Additional information with respect to these proceedings is included under Item 3, Legal Proceedings, below. The Company's accounting policies on environmental expenditures are discussed in Note 1 to the Consolidated Financial Statements included under Item 8 herein.

The amounts charged to earnings on an after-tax basis related to environmental protection totaled $30 million in 2000, $27 million in 1999, and $24 million in 1998. These amounts represent an estimate of expenses for compliance with environmental laws, as well as remedial activities, and costs incurred to meet internal Company standards. Such costs are estimated to be approximately $28 million in 2001 and $25 million in 2002.

Although precise amounts are difficult to define, the Company estimates that in fiscal year 2000 it spent approximately $3 million on capital projects to control pollution versus $7 million in 1999. Capital expenditures to control pollution in future years are estimated at approximately $5 million in both 2001 and 2002.

To the extent long-term contracts have been entered into for supply of product, such as for the industrial gas on-site business and for certain chemical products, the cost of any environmental compliance generally is contractually passed through to the customer.

It is the Company's policy to accrue environmental investigatory and noncapital remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The potential exposure for such costs is estimated to range from $8 million to a reasonably possible upper exposure of $21 million. The balance sheet at September 30, 2000, includes an accrual of $17 million. At September 30, 1999, the balance sheet accrual was $19 million.

In addition to the environmental exposures discussed in the preceding paragraph, there will be spending at a Company-owned manufacturing site where the Company is undertaking RCRA remediation action. The Company estimates capital costs to implement the anticipated remedial program will range from $24 to $33 million. Spending was $21 million through fiscal year 2000 and is estimated at $2 million for fiscal year 2001 and $1 million for 2002. Operating and maintenance expenses associated with continuing the remedial program were minimal in fiscal year 2000 and are estimated to be approximately $1 million per year beginning in fiscal year 2001 and continuing for an estimated period of up to 30 years. A former owner and operator at the site has agreed to reimburse the Company approximately 20% of the costs incurred in the remediation. Reimbursement of $1.4 million and $2.2 million was received in fiscal years 2000 and 1999, respectively, and is estimated at $.5 million for fiscal year 2001. In fiscal year 1999 an insurance recovery related to this environmental site was received in the amount of $7.7 million. The cost estimates have not been reduced by the value of such reimbursement.

Actual costs to be incurred in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Subject to the imprecision in estimating future environmental costs, the Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a materially adverse effect on its financial condition or results of operations in any one year.

Competition

The Company's businesses face strong competition from others, some of which are larger and have greater resources than Air Products.

Air Products' gas business competes in the United States with three major sellers and with several regional sellers. Competition in industrial gas markets is based primarily on price, reliability of supply, and furnishing or developing applications for use of such gases by customers, and in some cases the provisions of other services or products such as power and steam generation. A similar competitive situation exists in European industrial gas markets in which the Company competes against one or more larger entrenched competitors in most countries.

The number of the Company's principal competitors in the chemicals business varies from product to product, and it is not practical to identify such competitors because of the broad range of the Company's chemical products and the markets served, although the Company believes it has a leading or strong market position in most of its chemical products. For amines the competition is principally from other large chemical companies that also have the ability to provide competitive pricing, reliability of supply, technical service assistance, and quality products and services. The possibility of back integration by large customers is the major competitive factor for the sale of polyurethane additives. In its other chemical products, the Company competes with a large number of chemical companies, some of which are larger, possess greater financial resources, and are more vertically integrated than the Company. Competition in these products is principally on the basis of price, quality, product performance, reliability of product supply, and technical service assistance.

The Company's equipment business competes in all aspects with a great number of firms, some of which have greater financial resources than Air Products. Another important factor in certain export sales is financing provided by governmental entities in the United States and the United Kingdom as compared with financing offered by their counterparts in other countries.

Competition is based primarily on technological performance, service, technical know-how, price, and performance guarantees. Air Products believes that its comprehensive project development capability, operating experience, engineering and financing capabilities, and construction management experience will enable it to compete effectively.

Insurance

The Company's policy is to obtain public liability and property insurance coverage that is currently available at what management determines to be a fair and reasonable price. The Company, for itself and its power generation and flue gas treatment joint venture affiliates for which it assumes operating responsibility, maintains public liability and property insurance coverage at amounts which management believes are sufficient, after retention, to meet the Company's anticipated needs in light of historical experience to cover future litigation and claims. There is no assurance, however, that the Company will not incur losses beyond the limits of, or outside the coverage of, its insurance.

Employees

On September 30, 2000, the Company (including majority-owned subsidiaries) had approximately 17,500 full-time employees, of whom approximately 7,600 were located outside the United States. The Company has collective bargaining agreements with unions at numerous locations which expire on various dates over the next three to four years. The Company considers relations with its employees to be satisfactory. The Company does not believe that any expiring collective bargaining agreements will result in a material adverse impact on the Company.

Executive Officers of the Company

The Company's executive officers and their respective positions and ages on December 15, 2000, follow. Except where indicated, each of the executive officers listed below has been employed by the Company in the position indicated during the past five fiscal years. Information with respect to offices held is stated in fiscal years.

Name	Age	Office
W. Douglas Brown (D)	54	Vice President, General Counsel, and Secretary (became Vice President, General Counsel, and Secretary in 1999; Vice President-Administration, Gases and Equipment in 1997; Senior Vice President-Law and Secretary of American Ref-Fuel Company prior thereto)
Andrew E. Cummins (D)	56	Group Vice President-Chemicals (became Group Vice President-Chemicals in 1999; Vice President-North America Gases in 1999; Vice President-General Industries Group in 1996; Vice President and General Manager-General Industries Division prior thereto)
Leo J. Daley (D)	54	Vice President-Finance and Controller (became Controller in 2000; Vice President-Finance in 1998; Vice President and Treasurer prior thereto)
Robert E. Gadomski (D)	53	Executive Vice President-Gases and Equipment (became Executive Vice President-Gases and Equipment in 1999; Executive Vice President-Chemicals, Asia, and Latin America in 1998; Executive Vice President-Chemicals in 1996; Group Vice President-Chemicals Group prior thereto)
John P. Jones III (A)(B)(C)(D)	50	Chairman, President, and Chief Executive Officer (became Chairman and Chief Executive Officer in 2000; President and Chief Operating Officer in 1998; Executive Vice President-Gases and Equipment in 1996; President-Air Products Europe, Inc. prior thereto)
Joseph J. Kaminski (A)(D)	61	Corporate Executive Vice President (became Corporate Executive Vice President in 1996; Executive Vice President-Gases and Equipment prior thereto)
Ronaldo Sullam (D)	59	President-Air Products Europe, Inc. (became President-Air Products Europe, Inc. in 1996; Senior Vice President-Strategic Marketing, Development, and Southern Europe prior thereto)

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(A) Member, Board of Directors
(B) Member, Executive Committee of the Board of Directors
(C) Member, Finance Committee of the Board of Directors
(D) Member, Corporate Executive Committee

ITEM 2. Properties.

The principal executive offices of Air Products are located at its headquarters in Trexlertown, near Allentown, Pennsylvania. Additional administrative offices are located in owned facilities in Hersham, near London, England; Brampton, near Toronto, Canada; and Hattingen, Germany. Administrative offices are also located in leased facilities in the Allentown area, Pennsylvania; Tokyo, Japan; Hong Kong, the People's Republic of China; Singapore; Brussels, Belgium; Paris, France; Barcelona, Spain; and Sao Paulo, Brazil. The management considers the Company's manufacturing facilities, described in more detail below, to be adequate to support the business efficiently. The following information with respect to properties is as of September 30, 2000.

Gases

The gases segment has approximately 190 plant facilities in 38 states, the majority of which recover nitrogen, oxygen, and argon. The Company has eight facilities which produce specialty gases and 31 facilities which recover hydrogen throughout the United States. Helium is recovered at two plants in Kansas and Texas, and acetylene is manufactured at six plants in six states in the United States. There are 132 sales offices and/or cylinder distribution centers located in 39 states.

The property on which the above plants are located is owned by Air Products at approximately one-fourth of the locations, and leased by Air Products at the remaining locations. However, in virtually all cases, the plant itself is owned and operated by Air Products. Air Products owns approximately half of its sales offices and cylinder distribution centers, including related real estate, and leases the other half.

Air Products' European plant facilities total 64 and include eight plants which recover hydrogen, seven plants which manufacture dissolved acetylene, and one which recovers carbon monoxide. The majority of European plants recover nitrogen, oxygen, and argon. In addition, there are four specialty gas centers. There is a combined total of 124 sales offices and/or cylinder distribution centers in Europe, and several additional facilities located in Brazil, Canada, Japan, the People's Republic of China, Puerto Rico, Singapore, Indonesia, Taiwan, Korea, Malaysia, and the Middle East. Representative offices are located in Taiwan, and in Beijing and Shanghai in the People's Republic of China.

Chemicals

The chemicals segment manufactures amines, nitric acid, methanol, anhydrous ammonia, and ammonia products at its Pace, Florida facility; alkylamines at its St. Gabriel, Louisiana facility and its Camacari, Bahia, Brazil facility; polyvinyl acetate emulsions at its South Brunswick, New Jersey facility; styrene emulsions, styrene acrylics, polyvinyl acetate acrylics, and polyvinyl acetate emulsions at its San Juan del Rio facility in Mexico; polyvinyl acetate emulsions at its Cologne, Germany facility; nitric acid, dinitrotoluene, and toluene diamine at its Pasadena, Texas facility; polyvinyl acetate emulsions and acetylenic chemicals at its Calvert City, Kentucky facility; specialty amines at its Wichita, Kansas facility; methylamines, dimethyl formamide, choline chloride, and dimethyl amino ethanol at its Teesside, England facility; and epoxy additives at its facilities in Manchester, England, Los Angeles, California, and Cumberland, Rhode Island. The chemicals segment manufactures polyurethane additives and polyurethane specialty products (AIRTHANE(R)/VERSATHANE(R)) at its Paulsboro, New Jersey facility which is leased in part and owned in part. The chemicals segment also manufactures polyvinyl acetate emulsions at five smaller locations.

The chemicals segment has 15 plant facilities, two sales offices, and one laboratory in the United States and operates three plants, nine sales/ representative offices, and three laboratories in Europe, two laboratories in Brazil, Korea, China, and Japan, one plant in Mexico, two plants in Korea, one plant in Brazil, and sales offices in Australia, Brazil, Mexico, Japan, Korea, and Singapore, and representative offices in Beijing, Shanghai, and Hong Kong in the People's Republic of China. Substantially all of the chemicals segment's plants and real estate are owned. Approximately 75% of the offices are leased by the Company and 25% are owned.

Equipment

The principal facilities utilized by the equipment segment include five plants and two sales offices in the United States, two plants and two offices in Europe, one office in Japan, and one sales office in the People's Republic of China. Air Products owns approximately 50% of the facilities and real estate in this segment and leases the remaining 50%.

ITEM 3. Legal Proceedings.

In the normal course of business Air Products and its subsidiaries are involved in legal proceedings including proceedings involving governmental authorities. With respect to the Kentucky Department of Environmental Protection's Notice of Violation pertaining to the Company's Calvert City chemical manufacturing facility referenced in the Company's Form 10-K Report for the fiscal year ended September 30, 1999, an Agreed Order resolving the alleged violations was entered on 19 September 2000, whereby the Company paid a civil penalty of $30,000.

There are also other proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act (the federal Superfund law), the Resource Conservation and Recovery Act (RCRA), and similar state environmental laws relating to the designation of certain sites for investigation or remediation. Presently there are approximately 45 sites on which a final settlement has not been reached where the Company, along with others, has been designated a Potentially Responsible Party by the Environmental Protection Agency or is otherwise engaged in investigation or remediation. The Company does not expect that any sums it may have to pay in connection with these matters would have a materially adverse effect on its consolidated financial position, nor is there any material additional exposure expected in any one year in excess of the amounts the Company currently has accrued. Additional information on the Company's environmental exposure is included under "Environmental Controls".

ITEM 4. Submission of Matters to a Vote of Security Holders.

Not applicable.

PART II

ITEM 5. Market for the Company's Common Stock and Related Stockholder Matters.

The Company's Common Stock, ticker symbol "APD", is listed on the New York and Pacific Stock Exchanges. Market and dividend information for the Company's Common Stock appear under "Eleven-Year Summary of Selected Financial Data" on page 64 of the 2000 Financial Review Section of the Annual Report to Shareholders which is incorporated herein by reference. In addition, the Company has authority to issue 25,000,000 shares of preferred stock in series. The Board of Directors is authorized to designate the series and to fix the relative voting, dividend, conversion, liquidation, redemption and other rights, preferences, and limitations as between series. When preferred stock is issued, holders of Common Stock are subject to the dividend and liquidation preferences and other prior rights of the preferred stock. There currently is no preferred stock outstanding. The Company's Transfer Agent and Registrar is First Chicago Trust Company, a Division of Equiserve, P.O. Box 2506, Jersey City, New Jersey 07303-2506, telephone (800) 519-3111, TDD (201) 222-4955, Internet website www.equiserve.com, and e-mail address equiserve@em.equiserve.com.

As of November 30, 2000 there were 11,639 record holders of the Company's Common Stock.

ITEM 6. Selected Financial Data.

The tabular information appearing under "Eleven-Year Summary of Selected Financial Data" on page 64 of the 2000 Financial Review Section of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The textual information appearing under "Management's Discussion and Analysis" on pages 25 through 33 of the 2000 Financial Review Section of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 7a. Quantitative and Qualitative Disclosures about Market Risk.

The textual information appearing under "Financial Instruments Sensitivity Analysis" on pages 32 and 33 of the 2000 Financial Review Section of the Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. Financial Statements.

The consolidated financial statements and the related notes thereto, together with the report thereon of Arthur Andersen LLP dated October 27, 2000, appearing on pages 34 through 65 of the 2000 Financial Review Section of the Annual Report to Shareholders, are incorporated herein by reference.

ITEM 9. Disagreements on Accounting and Financial Disclosure.

Not applicable.

PART III

ITEM 10. Directors and Executive Officers of the Company.

The biographical information relating to the Company's directors contained on pages 11 through 14 of the Proxy Statement relating to the Company's 2001 Annual Meeting of Shareholders is incorporated herein by reference. Biographical information relating to the Company's executive officers is set forth in Item 1 of Part I of this Report.

ITEM 11. Executive Compensation.

The information under "Director Compensation", "Report of the Management Development and Compensation Committee", "Executive Compensation Tables", "Severance and Other Change In Control Arrangements", and "Stock Performance Graph", appearing on pages 16 through 23 of the Proxy Statement relating to the Company's 2001 Annual Meeting of Shareholders is incorporated herein by reference.

ITEM 12. Security Ownership of Certain Beneficial Owners and Management.

The information required for this Item is set forth in the sections headed "Persons Owning More than 5% of Air Products Stock" and "Air Products Stock Beneficially Owned by Officers and Directors" contained on pages 24 through 25 of the Proxy Statement relating to the Company's 2001 Annual Meeting of Shareholders and such information is incorporated herein by reference.

ITEM 13. Certain Relationships and Related Transactions.

Not applicable.

PART IV

ITEM 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) The following documents are filed as a part of this Report:

1. The 2000 Financial Review Section of the Company's 2000 Annual Report to Shareholders. Information contained therein is not deemed filed except as it is incorporated by reference into this Report. The following financial information is incorporated herein by reference:

(Page references to 2000 Financial Review Section of the Annual Report)

2. The following additional information should be read in conjunction with the financial statements in the Company's 2000 Financial Review Section of the Annual Report to Shareholders:

(Page references to this report)

Consolidated Schedule for the years ended 30 September 2000, 1999, and 1998 as follows:

Schedule Number		
VIII	Valuation and Qualifying Accounts	20

All other schedules are omitted because the required matter or conditions are not present or because the information required by the Schedules is submitted as part of the consolidated financial statements and notes thereto.

3. Exhibits.

Exhibit No.	Description
(3)	Articles of Incorporation and By-Laws.
3.1	By-Laws of the Company. (Filed as Exhibit 3.1 to the Company's Form 8-K Report dated September 18, 1997.)*
3.2	Restated Certificate of Incorporation of the Company. (Filed as Exhibit 3.2 to the Company's Form 10-K Report for the fiscal year ended September 30, 1987.)*
3.3	Amendment to the Restated Certificate of Incorporation of the Company dated January 25, 1996. (Filed as Exhibit 3.3 to the Company's Form 10-K Report for the fiscal year ended September 30, 1996.)*
(4)	Instruments defining the rights of security holders, including indentures. Upon request of the Securities and Exchange Commission, the Company hereby undertakes to furnish copies of the instruments with respect to its long-term debt.
4.1	Rights Agreement, dated as of March 19, 1998, between the Company and First Chicago Trust Company of New York. (Filed as Exhibit 1 to the Company's Form 8-A Registration Statement dated March 19, 1998, as amended by Form 8-A/A dated July 16, 1998.)*

4.2	Amended and Restated Credit Agreement dated as of September 16, 1999 among the Company, Additional Borrowers parties thereto, Lenders parties thereto, and The Chase Manhattan Bank (as amended). (Filed as Exhibit 4.2 to the Company's Form 10-K Report for the fiscal year ended September 30, 1999.)*
(10)	Material Contracts.
10.1	1990 Deferred Stock Plan of the Company, as amended and restated effective October 1, 1989. (Filed as Exhibit 10.1 to the Company's Form 10-K Report for the fiscal year ended September 30, 1989.)*
10.2	1997 Long-Term Incentive Plan of the Company effective October 1, 1996. (Filed as Exhibit 10.2(c) to the Company's Form 10-K Report for the fiscal year ended September 30, 1996.)*
10.2(a)	Excerpt from resolutions approving amendments to the 1997 Long-Term Incentive Plan of the Company, effective 20 September 2000.
10.3	Amended and Restated 1997 Annual Incentive Plan of the Company effective 1 January 2000. (Filed as Exhibit 10.2 to the Company's Form 10-Q Report for the period ending 31 March 2000.)*
10.3(a)	Excerpt from resolutions amending the 1997 Annual Incentive Plan of the Company, effective 20 September 2000.
10.4	Supplementary Pension Plan of the Company, as amended effective October 1, 1988. (Filed as Exhibit 10.4 to the Company's Form 10-K Report for the fiscal year ended September 30, 1989.)*
10.4(a)	Amendment to the Pension Plan for Salaried Employees and the Pension Plan for Hourly Rated Employees of the Company, adopted September 20, 1995. (Filed as Exhibit 10.4(d) to the Company's Form 10-K Report for the fiscal year ended September 30, 1995.)*
10.4(b)	Amendment to Supplementary Pension Plan of the Company, adopted September 20, 1995. (Filed as Exhibit 10.4(e) to the Company's Form 10-K Report for the fiscal year ended September 30, 1995.)*
10.4(c)	Amendment to Supplementary Pension Plan of the Company, adopted November 2, 1995. (Filed as Exhibit 10.4(c) to the Company's Form 10-K Report for the fiscal year ended September 30, 1996.)*
10.4(d)	Resolutions delegating certain authority to amend the Supplementary Pension Plan of the Company, effective January 26, 2000.
10.4(e)	Resolutions approving amendments to the Supplementary Pension Plan of the Company, effective September 20, 2000.
10.5	Supplementary Savings Plan of the Company as amended October 1, 1989. (Filed as Exhibit 10.5 to the Company's Form 10-K Report for the fiscal year ended September 30, 1989.)*
10.5(a)	Amendment to Supplementary Savings Plan of the Company effective April 1, 1998. (Filed as Exhibit 10.3(a) to the Company's Form 10-K Report for the fiscal year ended September 30, 1998.)*
10.5(b)	Resolutions approving amendments to the Supplementary Savings Plan of the Company effective 1 January 2000. (Filed as Exhibit 10.2 to the Company's Form 10-Q Report for the period ending 31 March 2000.)*
10.6	Amended and Restated Deferred Compensation Plan for Directors of the Company, effective May 19, 1998. (Filed as Exhibit 10.6(a) to the Company's Form 10-K Report for the fiscal year ended September 30, 1998.)*
10.6(a)	Resolutions approving amendments to the Compensation Program For Directors of the Company effective 1 April 2000.

10.7	Stock Option Plan for Directors of the Company, effective January 27, 1994, as amended October 21, 1999. (Filed as Exhibit 10.7 to the Company's Form 10-K Report for the fiscal year ended September 30, 1999.)*
10.8	Letter dated July 1, 1997 concerning pension for an executive officer. (Filed as Exhibit 10.7(b) to the Company's Form 10-K Report for the fiscal year ended September 30, 1998.)*
10.9	Letter dated July 7, 1997 concerning pension for an executive officer. (Filed as Exhibit 10.7(c) to the Company's Form 10-K Report for the fiscal year ended September 30, 1998.)*
10.10	Letter dated July 1, 1997 concerning pension for an executive officer. (Filed as Exhibit 10.10 to the Company's Form 10-K Report for the fiscal year ended September 30, 1999.)*
10.11	Air Products and Chemicals, Inc. Severance Plan effective March 15, 1990. (Filed as Exhibit 10.8(a) to the Company's Form 10-K Report for the fiscal year ended September 30, 1992.)*
10.12	Air Products and Chemicals, Inc. Change of Control Severance Plan effective March 15, 1990. (Filed as Exhibit 10.8(b) to the Company's Form 10-K Report for the fiscal year ended September 30, 1992.)*
10.13	Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Defined Benefit Pension Plans dated as of August 1, 1999. (Filed as Exhibit 10.13 to the Company's Form 10-K Report for the fiscal year ended September 30, 1999.)*
10.13(a)	Amendment No. 1 to the Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Defined Benefit Pension Plan, adopted January 1, 2000.
10.14	Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Supplementary Savings Plan dated as of August 1, 1999. (Filed as Exhibit 10.14 to the Company's Form 10-K Report for the fiscal year ended September 30, 1999.)*
10.14(a)	Amendment No. 1 to the Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Supplementary Savings Plan, adopted January 1, 2000.
10.15	Form of Split Employment Contracts for an executive officer with the Company dated November 6, 1999 and with an affiliate of the Company dated June 4, 1996, and amended by letter dated November 6, 1999. (Filed as Exhibit 10.15 to the Company's Form 10-K Report for the fiscal year ended September 30, 1999.)*
10.16	Form of Severance Agreements which the Company has with each of its U.S. Executive Officers and European Executive Officer. (Filed as Exhibit 10.16 to the Company's Form 10-K Report for the fiscal year ended September 30, 1999.)*
10.17	Resolutions authorizing modifications to the Supplementary Pension Plan and Supplementary Savings Plan of the Company, effective 15 September 1999.
(11)	Earnings per share.
(12)	Computation of Ratios of Earnings to Fixed Charges.
(13)	2000 Financial Review Section of the Annual Report to Shareholders for the fiscal year ended September 30, 2000, which is furnished to the Commission for information only, and not filed except as expressly incorporated by reference in this Report.
(21)	Subsidiaries of the registrant.
(24)	Power of Attorney.

(27) Financial Data Schedule, which is submitted electronically to the Securities and Exchange Commission for information only, and not filed.

(b) Reports on Form 8-K filed during the quarter ended September 30, 2000:

Current Reports on Form 8-K dated July 20, 2000, and July 25, 2000, were filed in which Item 5 of such Form was reported.

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*Previously filed as indicated and incorporated herein by reference. Exhibits incorporated by reference are located in SEC File No. 1-4534.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: December 18, 2000

AIR PRODUCTS AND CHEMICALS, INC.
(Registrant)

By: /s/ Leo J. Daley

Leo J. Daley, Vice President-Finance and Controller Principal Financial and Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ John P. Jones III (John P. Jones III)	Director, Chairman, President, and Chief Executive Officer (Principal Executive Officer)	December 18, 2000
* (Joseph J. Kaminski)	Director and Corporate Executive Vice President	December 18, 2000
* (Mario L. Baeza)	Director	December 18, 2000
* (Tom H. Barrett)	Director	December 18, 2000
* (L. Paul Bremer III)	Director	December 18, 2000
* (Robert Cizik)	Director	December 18, 2000
* (Ursula F. Fairbairn)	Director	December 18, 2000
* (Edward E. Hagenlocker)	Director	December 18, 2000

Signature	Title	Date
* -- (James F. Hardymon)	Director	December 18, 2000
* -- (Terry R. Lautenbach)	Director	December 18, 2000
* -- (Ruud F. M. Lubbers)	Director	December 18, 2000
* -- (Charles H. Noski)	Director	December 18, 2000
* -- (Lawrason D. Thomas)	Director	December 18, 2000

*W. Douglas Brown, Vice President, General Counsel, and Secretary, 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 is filed with the Securities and Exchange Commission herewith.

/s/ W. Douglas Brown

W. Douglas Brown
Attorney-in-Fact

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To: Air Products and Chemicals, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements included in Air Products and Chemicals, Inc.'s Annual Report to Shareholders, incorporated by reference in this Form 10-K, and have issued our report thereon dated 27 October 2000. Our audit was made for the purpose of forming an opinion on those statements taken as a whole. The schedule referred to in Item 14(a)(2) in this Form 10-K is the responsibility of the Company's management and is presented for the purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic consolidated financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Philadelphia, Pennsylvania
27 October 2000

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

To: Air Products and Chemicals, Inc.

As independent public accountants, we hereby consent to the incorporation of our reports included or incorporated by reference in this Form 10-K, into the Company's previously filed Registration Statements on Form S-8 and Form S-3 (File Nos. 333-33851, 333-02461, 33-2068, 33-57023, 33-65117, 333-21145, 333-45239, 333-18955, 333-21147, 333-60147, 333-71405, 333-73105, 333-95317, 333-31578, and 333-90773).

ARTHUR ANDERSEN LLP

Philadelphia, Pennsylvania
15 December 2000

SCHEDULE VIII
CONSOLIDATED

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES
SCHEDULE VIII-VALUATION AND QUALIFYING ACCOUNTS
For the Years Ended 30 September 2000, 1999, and 1998

Classification		Additions		Other Changes Increase (Decrease)		
	Balance at Beginning of period	Charged to Expense	Charged to other Accounts	Cumulative Translation Adjustment	Other[1]	Balance at End of Period
	(in millions of dollars)					
Year Ended 30 September 2000						
Provision for global cost reduction						
Employee Termination Benefits/						
Other People-Related Costs	$ 14	$ 48	$ 0	$ 0	$ (38)	$ 24
Year Ended 30 September 1999						
Provision for global cost reduction						
Employee Termination Benefits/						
Other People Related Costs	$ 0	$ 34	$ 0	$ 0	$ (20)	$ 14
Year Ended 30 September 1998						
Provision for global cost reduction						
Employee Termination Benefits/						
Other People Related Costs	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Notes:
[1] Charges to the accrual for termination payments.

Year Ended 30 September 2000						
Allowance for doubtful accounts	$ 12	$ 8	$ 2[2]	$ (1)	$ (8)[3]	$ 13
Year Ended 30 September 1999						
Allowance for doubtful accounts	$ 17	$ 6	$ 1[2]	$ (1)	$ (11)[3]	$ 12
Year Ended 30 September 1998						
Allowance for doubtful accounts	$ 20	$ 6	$ 3[2]	$ 0	$ (12)[3]	$ 17

Notes:
[2] Includes collections on accounts previously written off and additions applicable to businesses acquired.

[3] Primarily includes write-offs of uncollectible accounts.

Exhibit 10.2(a)

EXCERPT FROM RESOLUTIONS APPROVING AMENDMENTS TO
THE 1997 LONG-TERM INCENTIVE PLAN

WHEREAS, it has been recommended to this Committee that revisions be made to the 1997 Long-Term Incentive Plan as set forth on Schedule A hereto, including to rename the Plan with reference to 2001, rather than 1997; to permit participation by part-time employees; to update and clarify the Plan provision regarding shares available for delivery under the Plan; to reduce the minimum deferral period for Deferred Stock Units from two years to one year; and to confirm the continuation of the Plan as so amended;

WHEREAS, the Committee is empowered to approve and give final effect to the foregoing amendments under Section 13 of the Plan and applicable law....

NOW THEREFORE, BE IT RESOLVED, that the aforesaid revisions to the Plan be, and they hereby are, approved and that the terms and provisions of the Plan be amended substantially as indicated by underlined text on Schedule A attached hereto and hereby made a part hereof, said revisions and amendments to be effective as of 20 September 2000;

RESOLVED FURTHER, that the proper officers of the Company be, and they each hereby are, authorized and empowered, in the name and on behalf of the Company, to make, execute, and deliver such instruments, documents, and certificates and to do and perform such other acts and things as may be necessary or appropriate to accomplish the amendment of the Plan including without limitation making such additional revisions, if any, in the Plan as may be required, in their discretion and upon advice of counsel to the Company, for compliance with applicable law or by the Internal Revenue Service for continued achievement of intended, or in order to avoid adverse tax consequences to the Company, Participating Subsidiaries and/or Participants in the Plan....

RESOLVED FURTHER, that the officers of this Company be, and each of them hereby is, authorized and directed to do and perform all things, and to take or cause to be taken such other action, as such officers deem necessary, advisable or appropriate to carry out the intent and accomplish the purpose of the foregoing resolutions.

APCI MANAGEMENT DEVELOPMENT
AND COMPENSATION COMMITTEE

20 September 2000

SCHEDULE A

AIR PRODUCTS AND CHEMICALS, INC.
2001 LONG-TERM INCENTIVE PLAN,
PREVIOUSLY KNOWN AS THE 1997 LONG-TERM INCENTIVE PLAN

Plan Provisions Proposed to be Amended Effective 20 September 2000

3. Eligibility for Participation

Participation in the Plan shall be limited to executives or other key employees (including officers and directors who are also employees) of the Company and its Participating Subsidiaries who are determined by the Committee to have a substantial opportunity to influence the long-term growth of the Company or Participating Subsidiaries. Employees who participate in other incentive or benefit plans of the Company or any Participating Subsidiary may also participate in this Plan. As used herein, the term "employee" shall mean any person employed full- or part-time by the Company or a Participating Subsidiary on a salaried basis, and the term "employment" shall mean full- or part-time salaried employment by the Company or a Subsidiary.

4. Stock Available for Plan Awards

The shares that may be delivered upon exercise, in payment or in respect of stock options, stock appreciation rights, performance units, and deferred stock units granted under the Plan for, during, or in respect of Fiscal Year 1997 and later years, shall not exceed in the aggregate, 12,000,000 shares of common stock of the Company ("Common Stock") if such shares delivered are from authorized but unissued Common Stock reserved for this purpose by the Board of Directors, such number to be subject to adjustment as provided in Section 11. Unless otherwise required for awards under the Plan to qualify for the exemption from Section 16(b) of the Act provided by Rule 16b-3 thereunder, or by the rules of the New York

Stock Exchange or any stock exchange on which Common Stock may be listed, there shall be no limit on the number of shares of Common Stock which may be delivered for this purpose from shares of authorized and issued Common Stock reacquired by the Company and held in its treasury or held under the Company's Flexible Employee Benefits Trust. Any share subject to a Plan award which for any reason expires, is forfeited, or terminates unexercised may again be subject to an award subsequently granted under the Plan, but shares subject to an award which are not issued or delivered as a result of the exercise or payment of a related award shall not again be available for issuance under the Plan regardless of the form in which such award was paid.

o o o

6. Stock Options

(d) Termination of Employment or Death.

(ii) Except as provided in clause (i) of this Section 6(d), if prior to the expiration or cancellation of any Stock Option, the Participant ceases to be employed by the Company or a Subsidiary for any reason, any unexercised portion of his or her outstanding Option shall automatically terminate unless the Committee, in its sole discretion, shall determine otherwise, and except that when the Participant's employment has ceased due to a leave of absence, such Participant's Stock Option shall be treated in accordance with guidelines for such situations established by the Committee

o o o

9. Deferred Stock Units

(b) Deferral Period. Except as otherwise provided in Section 9(c), payments in respect of Deferred Stock Units shall be made only at the end of the Deferral Period applicable to such Units, the duration of Which Deferral Period shall be fixed by the Committee at the time of grant of such Deferred Stock Units. Deferral Periods shall be no less than one year.

(c) Termination of Employment or Death.

(i) If during a Deferral Period a Participant's employment with the Company or a Subsidiary is terminated for any reason other than Retirement, Disability or death, such Participant shall forfeit his or her Deferred Stock Units which would have matured or been earned at the end of such Deferral Period, unless the Committee determines in its discretion that such Deferred Stock Units should be paid at the end of such Deferral Period or, notwithstanding any other provision of the Plan, on some accelerated basis.

(ii) Unless otherwise specified by the Committee in the applicable Deferred Stock Units agreement, a Participant whose employment with the Company or a Subsidiary terminates during a Deferral Period due to Retirement or Disability or, in the case of his or her death before or after Retirement or Disability, such Participant's Designated Beneficiary or, if none, his or her legal representative, shall receive payment in respect of such Participant's Deferred Stock Units which would have matured or been earned at the end of such Deferral Period, at such time and in such manner as if the Participant were still employed (and living) at the end of the Deferral Period or, notwithstanding any other provision of the Plan, on such accelerated basis as the Committee may determine.

o o o

14. Effective Date, Amendment and Restatement, and Term of the Plan

This Plan, previously denominated the "Air Products and Chemicals, Inc. 1990 Long-Term Incentive Plan," became effective for the Fiscal Year commencing October 1, 1989 for awards to be made for the Fiscal Year commencing October 1, 1989 and for Fiscal Years thereafter and was continued in effect indefinitely until terminated, amended, or suspended as permitted by its terms, following approval by a majority of those present at the January 26, 1989 annual meeting of shareholders of the Company and entitled to vote thereon. Following approval by the holders of a majority of the shares of Common Stock of the Company present and entitled to vote at a meeting of shareholders, the Plan, as amended and restated in the proxy statement for such annual meeting of shareholders, has continued and, as amended as set forth herein and as permitted by Section 13 by action of the Committee effective as of September 20, 2000, will continue in effect indefinitely for awards to be made for the Fiscal Year commencing October 1, 2000 and for Fiscal Years thereafter, until terminated, amended, or suspended as permitted under Section 13.

Exhibit 10.3(a)

EXCERPT FROM RESOLUTIONS AMENDING THE 1997 ANNUAL INCENTIVE PLAN

....WHEREAS, it has been recommended that the Plan be amended to rename it with reference to 2001 rather than 1997 and to permit awards to be granted to part-time employees and the Committee is authorized and empowered to approve and give final effect to such amendments under Section 9 of the Plan and applicable law; and ....

....RESOLVED FURTHER, that the aforesaid amendments to the Plan be, and they hereby are, approved, said amendments to be effective as of 20 September 2000; and

RESOLVED FURTHER, that the officers of this Company be, and each of them hereby is, authorized and directed to do and perform all things, and to take or cause to be taken such other action, as such officers deem necessary, advisable or appropriate to carry out the intent and accomplish the purpose of the foregoing resolutions, including to make, execute, and deliver such instruments, documents, and certificates and to do and perform such other acts and things as may be necessary or appropriate to accomplish the amendment of the Plan, as aforesaid, including without limitation, making such additional revisions, if any, in the Plan as may be required, in their discretion and upon advice of counsel to the Company, for compliance with applicable law or by the Internal Revenue Service for continued achievement of intended, or in order to avoid adverse tax consequences to, the Company, Participating Subsidiaries and/or Participants in the Plan.

APCI MANAGEMENT DEVELOPMENT
AND COMPENSATION COMMITTEE

20 September 2000

Exhibit 10.4(d)

RESOLUTIONS DELEGATING CERTAIN AUTHORITY TO AMEND
THE AIR PRODUCTS AND CHEMICALS, INC.
PENSION PLAN FOR SALARIED EMPLOYEES, THE PENSION PLAN FOR
HOURLY RATED EMPLOYEES OF AIR PRODUCTS AND CHEMICALS, INC. (THE
"PLANS")

WHEREAS, it has been recommended to the Management Development and Compensation Committee (the "Committee") that the Employee Benefit Plans Committee constituted by the Board of Directors be authorized from time to time to amend each Plan to provide for waiver of all or certain of the conditions required to be eligible for the early retirement subsidy under the Plans and the Supplementary Pension Plan of Air Products and Chemicals, Inc. (the "Supplementary Plan"), which is applicable if a Participant Separates from Service during the calendar month preceding his or her Early Retirement Date, as such capitalized terms are defined in, and as such subsidy is currently set forth in Section 3.2 of the Plans, without affecting the earliest date as of which any Participant's Annuity Starting Date as defined in the Plan may occur;

NOW, THEREFORE, BE IT RESOLVED, that the foregoing authority to amend the Plan(s) to waive conditions to the early retirement subsidy under each of the Plan(s) (and under the Supplementary Plan) be, and hereby is, authorized and approved, such authority to be exercised by the Employee Benefit Plans Committee by its approval of amendment(s) to the Plan(s) to be effective (a) as of the date(s), (b) for such time period(s), (c) as to such groups of Participants, and/or (d) under such circumstances including without limitation a Participant's having achieved such age and/or service as of his or her Separation from Service, and/or having Separated from Service as a result of or in connection with any workforce reduction or reengineering or other reorganization of any portion of the Company or its business (or of an affiliated company which is a Participating Employer under the Plan(s) or of its business) in connection with the BOC integration, as the Employee Benefit Plans Committee shall in its discretion determine to be appropriate and consistent with the business needs of the Company and the purposes of the respective Plan and, upon advice of counsel to the Company, to be in compliance with applicable law and as required by the Internal Revenue Service for the continuing qualification of the Plan(s) and the trust funds established therefor; and

RESOLVED FURTHER, that the proper officers of the Company be, and they each hereby are, authorized and empowered, in the name and on behalf of the Company, to make, execute and deliver such instruments, documents and certificates and to do and perform such other acts and things as may be necessary or appropriate to accomplish the amendment(s) of the Plan(s) from time to time, as aforesaid, and to carry out the intent and accomplish the purpose of these resolutions, including, without limitation, making such amendment(s) and other revisions in the respective Plans and the Supplementary Plan and the texts thereof as may be required, in their discretion and upon advice of counsel to the Company, to effect the foregoing amendment(s) and for compliance with applicable law or by the Internal Revenue Service for the continuing qualification of the Plan(s) or the trust funds established therefor.

APCI MANAGEMENT DEVELOPMENT
AND COMPENSATION COMMITTEE

26 January 2000

Exhibit 10.4(e)

RESOLUTIONS APPROVING AMENDMENTS TO
THE SUPPLEMENTARY PENSION PLAN (THE "PLAN") OF
AIR PRODUCTS AND CHEMICALS, INC. (THE "COMPANY")

WHEREAS, the Plan provides that Plan pension benefits can be paid in several optional forms of benefit elected by the Employee, including a single lump sum cash payment calculated by converting the primary form of benefit, a single life annuity, into an actuarially equivalent single lump sum, using mortality assumptions specified in the Plan;

WHEREAS, it has been recommended to the Committee that the specified mortality assumptions should be modified and updated to better assure the actuarial equivalence of the single lump sum form of benefit to the primary form of benefit; and

WHEREAS, it has been further recommended to the Committee that the value of the accrued benefits of current Plan participants should be preserved so that the recommended change in mortality assumptions does not reduce the amount of any current Plan participants' optional single lump sum cash payment of their accrued pension benefit;

NOW, THEREFORE, BE IT RESOLVED, that, effective as of the date hereof, section 3.6(b) of the Plan is amended to provide that the mortality assumptions used to determine the life expectancy for purposes of converting the primary form of benefit into the single lump sum form of benefit shall be determined from a unisex version of the 1994 Group Annuity Mortality table;

RESOLVED FURTHER, that the Plan shall be further amended to provide that, with respect to any participant who has an accrued benefit in the Plan as of the date hereof, the amount of the optional single lump sum cash payment form of benefit provided section 3.6(b) of the Plan shall be the greater of such lump sum cash payment amount calculated using the mortality assumptions specified by the Plan without regard to the foregoing amendment, or the amount calculated using the mortality assumptions prescribed by the foregoing amendment; and

RESOLVED FURTHER, that the proper officers of the company be, and they each hereby are, authorized and empowered, in the name and on behalf of the Company, to make, execute and deliver such instruments, documents and certificates and to do and perform such other acts and

things as may be necessary or appropriate to accomplish the amendments of the Plan, as aforesaid, and to carry out the intent and accomplish the purposes of these resolutions, including, without limitation, making such amendments and other revisions in the respective Plan and the text thereof as may be required, in their discretion and upon advice of counsel to the Company, to effect the foregoing amendments.

APCI MANAGEMENT DEVELOPMENT
AND COMPENSATION COMMITTEE

20 September 2000

Exhibit 10.6(a)

COMPENSATION PROGRAM FOR DIRECTORS

RESOLVED, that the resolutions of the Board of Directors adopted at its meeting held on 15 October 1998, be, and the same hereby are, amended, effective as of 1 April 2000, to read in their entirety as follows:

a. Each director who is not an employee of the Company shall be paid an annual retainer of $48,000 for serving as a member of the Board of Directors and any Committee(s) of the Board, which retainer shall be payable in quarterly installments. For directors who have never been employed by the Company, 25% of this retainer will be paid by the Company in the form of a credit to the Air Products Stock Account of the Deferred Compensation Plan for Directors.

b. Each director who is not an employee of the Company who serves as the Chairman of a Committee of the Board shall be paid an additional annual retainer of $5,000, which retainer shall be payable in quarterly installments.

c. Directors who are not employees of the Company shall be reimbursed for out-of-pocket expenses incurred in attending regular and special meetings of the Board and Committees thereof and any other business function of the Company at the request of the Chairman of the Board. Expenses will be reimbursed as submitted.

d. Deferred stock units under the Air Products Stock Account of the Deferred Compensation Plan for Directors shall be credited as follows:

   (1) Upon initial election to the Board, 1,000 deferred stock units shall be credited to each person who has never been employed by the Company and who is first elected a director effective on or after 1 April 2000, and

   (2) On 1 April 2000, 350 deferred stock units, and annually beginning in 2001, immediately following the annual meeting of shareholders, 1,000 deferred stock units shall be credited to each director who has never been employed by the Company who is serving as a director of the Company as of such date or following such annual meeting, respectively.

APCI BOARD OF DIRECTORS
16 March 2000

Amendment No. 1 to the
Amended and Restated Trust Agreement
dated 1 August 1999 (the "Trust Agreement")
Covering
Defined Benefit Pension Plans

This Amendment No. 1 to the Trust Agreement is made and entered into as of the 1st day of January 2000, by and between Air Products and Chemicals, Inc. (the "Company") and PNC Bank, N.A. (the "Trustee").

WHEREAS, the Company wishes to cover the Air Products and Chemicals, Inc. Pension Plan for Directors (the "Director Plan") by the Trust created by and under the Trust Agreement, and the Company and the Trustee have determined to amend, with the consent of the Participant Representatives, the Trust Agreement to expand Exhibit A thereto (List of Plans) to include the Director Plan;

WHEREAS, the Company contemplates increasing, effective 3 January 2000, in accordance with Section 1.01 of the Trust Agreement, the amount of the Trust Amount to sixty million seven hundred thousand dollars ($60,700,000) to cover the $700,000 Current Plan Termination Liability of the Director Plan, as well as that of the other Plans, by written notice to the Trustee and contribution of Company Stock by reservation thereof under a Company Stock Agreement; and

WHEREAS, all capitalized terms used herein shall have the meanings set forth in the Trust Agreement, except as otherwise provided herein or amended hereby;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions: Plans and Participants. The term "Plans," as used in the Trust Agreement, is amended to include the Director Plan as indicated on Exhibit A hereto; and the term "Participants," as used in the Trust Agreement, is amended to include employees and past employees of the Company and certain of its subsidiaries and past members of the Board of Directors of the Company who are receiving benefits under the Director Plan (together with their respective Designated Beneficiaries, if applicable under the respective Plan).

2. Benefit Calculation Schedule and Participant Information. Attached hereto as Exhibit B is a schedule (said schedule, together with all documents and materials attached thereto as annexes or referred to therein as having been provided to the Trustee by the Company, being hereinafter referred to as the current "Director Benefit Calculation Schedule") describing, as of the date hereof and to the extent applicable under the Director Plan, how to calculate the basic or primary form of benefit and all alternative or optional forms of benefits payable under the Director Plan. In addition, the Company has provided to the Trustee the Participant Information pertaining to, and to the extent relevant under, the Director Plan, in Exhibit B hereto, which is complete and accurate as of December 31, 1999, or such later date as indicated therein. During the first calendar quarter of each calendar year beginning with calendar year 2001, the Company shall provide the Trustee with any revisions to the Director Benefit Calculation Schedule and updated Participant Information, in each case as of the end of the immediately preceding calendar year.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to the TRUST AGREEMENT as of the date set forth above.

AIR PRODUCTS AND CHEMICALS, INC.

Attest: By: /s/ W. D. Brown

W. D. Brown
Vice President, General Counsel
and Secretary

/s/ K. G. Wright

Assistant Secretary

PNC BANK, N.A.

Attest: By: /s/ Peter M. Van Dine

Vice President

IN WITNESS WHEREOF, the undersigned Participant Representatives, effective as of the 1st day of January 2000, have executed this Amendment No. 1 to the Trust Agreement in evidence of their consent to the amendments made thereto which are set above.

/s/ W. D. Brown

W. D. Brown
Participant Representative

/s/ L. J. Daley

L. J. Daley
Participant Representative

/s/ J. J. Kaminski

J. J. Kaminski
Participant Representative

/s/ J. P. McAndrew

J. P. McAndrew
Participant Representative

EXHIBIT A

LIST OF PLANS

Air Products and Chemicals, Inc.
Supplementary Pension Plan

Air Products and Chemicals, Inc. Private Annuity Agreements

1. W. Douglas Brown
2. Michael R. Cashman
3. Thomas B. Collins
4. Richard Fleming
5. Hugh P. Gallagher
6. Raymond A. Glennon
7. Warren R. Gross
8. Robert A. Holzl
9. E. Eugene Innis
10. David H. Kelly
11. William J. Kendrick
12. Peter N. Kroeger
13. J. Robert Lovett
14. Thomas A. Manuel
15. Peter W. Mather
16. James R. Murphy
17. James F. Roth
18. Brian M. Rushton
19. Thomas M. Rutherford
20. Richard J. Schaller
21. Raymond H. Schenck
22. Kurt F. Schroder
23. W. Mayo Smith
24. James A. Sykes, Jr.
25. Thomas H. Tough
26. William H. Trotter
27. David D. Urbani

Air Products and Chemicals, Inc. Pension Plan for Directors

Exhibit 10.14(a)

Amendment No. 1 to the
Amended and Restated Trust Agreement
dated 1 August 1999 (the "Trust Agreement")
Covering
Supplementary Savings Plan

This Amendment No. 1 to the Trust Agreement is made and entered into as of the 1st day of January 2000, by and between Air Products and Chemicals, Inc. (the "Company") and PNC Bank, N.A. (the "Trustee") and upon amendment hereby, shall thereafter be entitled the Trust Agreement covering Defined Contribution Plans.

WHEREAS, the Company wishes to cover the Air Products and Chemicals, Inc. Deferred Compensation Plan for Directors (the "Director Plan") by the Trust created by and under the Trust Agreement, and the Company and the Trustee have determined to amend, with the consent of the Participant Representatives, the Trust Agreement to expand Exhibit A thereto (List of Plans) to include the Director Plan;

WHEREAS, the Company contemplates increasing, effective 3 January 2000, in accordance with Section 1.01 of the Trust Agreement, the amount of the Trust Amount to eight million eight hundred thousand dollars ($8,800,000) to cover the $2,300,000 Current Plan Termination Liability of the Director Plan, as well as that of the other Plans, by written notice to the Trustee and contribution of Company Stock by reservation thereof under a Company Stock Agreement; and

WHEREAS, all capitalized terms used herein shall have the meanings set forth in the Trust Agreement, except as otherwise provided herein or amended hereby;

NOW, THEREFORE, in consideration of the mutual agreements contained herein and for other good and valuable consideration, the parties hereto, intending to be legally bound, agree as follows:

1. Definitions: Plan and Participants. The term "Plan," as used in the Trust Agreement, is amended to be "Plans" and include the Director Plan as indicated on Exhibit A hereto; and the term "Participants," as used in the Trust Agreement, is amended to include employees and past employees of the Company and certain of its subsidiaries and members and past members of the Board of Directors of the Company who are participants in the Director Plan (together with their respective Designated Beneficiaries, if applicable under the respective Plan).

2. Benefit Calculation Schedule and Participant Information. Attached hereto as Exhibit B is a schedule (said schedule, together with all documents and materials attached thereto as annexes to or referred to therein as having been provided to the Trustee by the Company, being hereinafter referred to as the current "Director Benefit Calculation Schedule") describing, as of the date hereof and to the extent applicable under the Director Plan, how to calculate the basic or primary form of benefit and all alternative or optional forms of benefits payable under the Director Plan. In addition, the Company has provided to the Trustee the Participant Information pertaining to, and to the extent relevant under, the Director Plan, in Exhibit B hereto, which is complete and accurate as of December 31, 1999, or such later date as indicated therein. During the first calendar quarter of each calendar year beginning with calendar year 2001, the Company shall provide the Trustee with any revisions to the Director Benefit Calculation Schedule and updated Participant Information, in each case as of the end of the immediately preceding calendar year.

3. Texts of Director Plan and Plan Amendments. The Company has delivered to the Trustee true and complete copies of the texts of the Director Plan as in effect during the service of current Participants in such Plan. The Company shall provide to the Trustee a copy of any amendment to the Director Plan, promptly following the effective date thereof, together with a certification of the completeness and accuracy thereof and, following a Change in Control should the Company fail to do so, the Participant Representatives may supply and certify such amendments to the Trustee, whereupon the Trustee shall supply a copy thereof to the Company.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to the TRUST AGREEMENT as of the date set forth above.

AIR PRODUCTS AND CHEMICALS, INC.

Attest:

By: /s/ W. D. Brown

W. D. Brown
Vice President, General Counsel
and Secretary

/s/ K. G. Wright

Assistant Secretary

PNC BANK, N.A.

Attest:

By: /s/ Peter M. Van Dine

Vice President

IN WITNESS WHEREOF, the undersigned Participant Representatives, effective as of the 1st day of January 2000, have executed this Amendment No. 1 to the Trust Agreement in evidence of their consent to the amendments made thereto which are set above.

/s/ W. D. Brown

W. D. Brown
Participant Representative

/s/ L. J. Daley

L. J. Daley
Participant Representative

/s/ J. J. Kaminski

J. J. Kaminski
Participant Representative

/s/ J. P. McAndrew

J. P. McAndrew
Participant Representative

EXHIBIT A

LIST OF PLANS

Air Products and Chemicals, Inc.
Supplementary Savings Plan

Air Products and Chemicals, Inc.
Deferred Compensation Plan for Directors

Exhibit 10.17

RESOLUTIONS AUTHORIZING
MODIFICATIONS TO THE AIR PRODUCTS AND CHEMICALS, INC.
SUPPLEMENTARY PENSION PLAN AND SUPPLEMENTARY SAVINGS PLAN
(TOGETHER, THE "RETIREMENT PLANS")

WHEREAS, it has been recommended to this Committee that the Agreements be adopted and the Retirement Plans be authorized to be amended effective 15 September 1999, and that the amendment and restatement of the Trust Agreements effective 1 August 1999 be ratified and affirmed;

NOW, THEREFORE, BE IT RESOLVED, that the implementation of individual Agreements effective 16 September 1999 with the principal provisions described in Schedule A hereto and with the persons named in Schedule B hereto be, and the same hereby is, authorized and approved;

RESOLVED FURTHER, that the implementation of the modifications to the Retirement Plans effective 16 September 1999 with the principal provisions described in Schedule C hereto be, and the same hereby is, authorized and approved;

RESOLVED FURTHER, that implementation of the amendment and restatement and funding of the Trust Agreements effective 1 August 1999 as described in Schedule C hereto be, and the same hereby is, ratified and affirmed;

RESOLVED FURTHER, that this Committee recommends that the Board of Directors also ratify and approve, as appropriate, the foregoing actions and related matters by adoption of such resolutions as recommended by counsel to the Company; and

RESOLVED FURTHER, that the proper officers of the Company be, and they each hereby are, authorized and directed, in the name and on behalf of the Company, to cause definitive Agreements, and texts of the amended Retirement Plans to be prepared, executed and delivered on behalf of the Company with such terms and provisions consistent with these resolutions as they shall deem appropriate, upon the advice of counsel to the Company; and to execute and deliver such Agreements initially with those persons named in Schedule B and from time to time hereafter to such other persons who

are appointed to serve on the Corporate Executive Committee or are elected to the Management Committee (or, in each case, similar, successor committees or decision-making bodies); and to make, execute and deliver such other instruments, documents and certificates and to do and perform such other acts and things as may be necessary or appropriate to accomplish the implementation of the Agreements and modification of the Retirement Plans, as aforesaid, and to carry out the intent and accomplish the purposes of these resolutions.

APCI MANAGEMENT DEVELOPMENT
AND COMPENSATION COMMITTEE

15 September 1999

Schedule C

Principal Provisions of Supplementary Retirement Plans and Related Grantor Trusts

Background
- ----------

The Company's supplementary retirement plans restore the benefits of participants restricted by certain IRS limitations in the related qualified plan. The Supplementary Pension Plan, unlike the qualified pension plan, also counts bonus payments as pensionable compensation and permits participants to elect to receive their benefit in an immediate lump sum rather than as an annuity. The Supplementary Savings Plan, which supplements the qualified 401(k) plan, allows participants to voluntarily defer salary which, along with an amount equal to the company matching contribution that would be made if the deferred amount had been contributed to the qualified 401(k) plan, is credited with interest and paid after termination of employment in a lump sum or up to ten installments at the participant's choice.

In 1987, with the Board's approval, grantor trusts were established for each plan to enhance collection security for participants. To avoid recognition of income before receipt of plan benefits, trust assets were and are subject to the claims of company creditors in the event of the Company's insolvency. Currently the trusts are not funded; however, the Company's obligation to fund each trust has been secured by stand-by letters of credit ("LC's") and, effective 1 August 1999 after amendment and restatement of the trust agreements, by a reservation of Company stock held in another grantor trust approved by the Board in 1993. This trust, known as the Flexible Employee Benefits Trust, was established to enhance financial flexibility in support of the Company's capital and other spending programs and reduce leverage from a credit rating agency perspective. It currently holds approximately 16,000,000 shares which must be used to pay obligations arising under plans, programs, contracts and other structures for compensating and incenting employees.

The Company's obligation under the supplementary retirement plans grantor trusts aggregates just under $100 million which is periodically adjusted to cover changes in the amount estimated for plan termination liability as certified by Towers Perrin (pension) or the plan administrator (savings). The trustee is required to draw on the LC or demand and sell the reserved stock to fully cash fund the trust in the amount of the plan termination liability upon a change in control.

Recommended Plan Amendments

If a change of control were to occur, grantor trust assets would be available to pay the single sums which would be owed under the Supplementary Pension and Savings Plans, a former affiliate's supplementary pension plan and several special contracts with individuals. Persons who were terminated and elected a single sum pension payout and an immediate savings plan payout would be entitled to immediate payment from the trust. However, since there is no acceleration of plan payments unless the acquirer terminates the plans, under current provisions

- participants who continue employment would have no right to any trust payout while employed;

- terminees not yet age 55 would have no immediate right to a pension payout until reaching age 55; and

- terminees who had already elected a pension annuity or an installment form of savings plan benefit would have no right to elect to accelerate their payments.

While the acquirer would continue to be contractually obligated to pay plan benefits, the trust assets could prove to be insufficient over time due to benefit payment demands and, in a declining business scenario, satisfaction of claims by creditors of the acquirer. Furthermore, an employee who remained employed may see his or her pension benefit decrease if the Annual Incentive Plan were discontinued or his or her bonus awards reduced.

It is proposed that the plans be amended to provide that upon and for three years following a change in control all participants would have an immediate, nonforfeitable right to their accrued (pension) and vested (savings) benefit and would be entitled to elect an immediate single sum payment of such amount; and that benefit claims and appeals would be required to be decided within 10 days instead of 90 and 120 days, respectively.

Exhibit 11

COMPUTATION OF EARNINGS PER SHARE
(Millions of dollars, except per share)

	Year Ended 30 September		
	2000	1999	1998
Earnings			
Income before cumulative effect of accounting changes	$124	$451	$547
Cumulative effect of accounting changes	0	0	0
Net Income	$124	$451	$547
Basic shares			
Average common shares outstanding during the year	213	212	216
Basic earnings per share			
Income before cumulative effect of accounting changes	$0.58	$2.12	$2.54
Cumulative effect of accounting changes	0	0	0
Net Income	$0.58	$2.12	$2.54
Diluted shares			
Average common shares outstanding during the year	213	212	216
Shares issuable from stock option and award plans	3	4	4
Adjusted average common shares outstanding	216	216	220
Diluted earnings per share			
Income before cumulative effect of accounting changes	$0.57	$2.09	$2.48
Cumulative effect of accounting changes	0	0	0
Net income	$0.57	$2.09	$2.48

Exhibit 12

AIR PRODUCTS AND CHEMICALS, INC., AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Unaudited)

	Year Ended 30 September				
	1996	1997	1998	1999	2000
	(Millions of dollars)				
Earnings:					
Income before extraordinary item and the cumulative effect of accounting changes:	$416.4	$429.3	$546.8	$450.5	$124.2
Add (deduct):					
Provision for income taxes	195.5	203.4	280.9	209.5	(7.5)
Fixed charges, excluding capitalized interest	184.0	233.0	202.8	194.4	232.6
Capitalized interest amortized during the period	9.4	8.3	7.4	6.1	6.6
Undistributed earnings of less-than-fifty-percent-owned affiliates	(40.6)	(31.1)	(25.3)	(44.5)	(32.1)
Earnings, as adjusted	$764.7	$842.9	$1,012.6	$816.0	$323.8
Fixed Charges:					
Interest on indebtedness, including capital lease obligations	$171.7	$217.8	$186.7	$175.4	$210.3
Capitalized interest	20.0	20.9	18.4	24.7	19.7
Amortization of debt discount premium and expense	1.5	1.8	1.9	1.3	3.1
Portion of rents under operating leases representative of the interest factor	10.8	13.4	14.2	17.7	19.3
Fixed charges	$204.0	$253.9	$221.2	$219.1	$252.4
Ratio of Earnings to Fixed Charges:	3.7	3.3	4.6	3.7	1.3

Exhibit 13

Management's Discussion and Analysis

Major Factors Affecting Earnings

Major factors affecting comparison of earnings per share between fiscal years 2000 and 1999 were:

Higher shipments of industrial gases to electronics and chemicals and process industries
Continued productivity gains
Increased equity affiliates' income
Lower equipment segment activity
Raw material cost increases in chemicals segment
Expense of The BOC Group plc transaction
Gain on sale of the polyvinyl alcohol business

Results of Operations

Consolidated

[millions of dollars, except per share]	2000	1999	1998
Sales	$5,467.1	$5,020.1	$4,919.0
Operating income	830.8	724.7	845.7
Equity affiliates' income	87.6	61.5	38.0
Net income	124.2	450.5	546.8
Basic earnings per share	.58	2.12	2.54
Diluted earnings per share	.57	2.09	2.48

The results of 2000, 1999, and 1998 included the effects of special items. These items should be considered in the comparison of the annual results.

(Sales and Operating Income graphs go here.)

Fiscal 2000 results were decreased by a net after-tax loss of $408.4 million, or $1.89 per share, for special items. The components of special items on a before- and after-tax basis were: a gain of $126.8 million ($79.1 million after-tax, or $.37 per share) on the sale of the polyvinyl alcohol (PVOH) business; a charge of $730.4 million ($456.5 million after-tax, or $2.12 per share) for costs related to The BOC Group plc (BOC) transaction; a charge of $55.4 million ($35.0 million, or $.16 per share) for a global cost reduction plan; and a gain of $6.3 million ($4.0 million, or $.02 per share) from the sale of packaged gas facilities. Additional details on the divestiture of the PVOH business and the BOC transaction are included in Notes 17 and 18 to the consolidated financial statements, respectively.

Fiscal 1999 results included several special items which essentially offset at the net income and earnings per share level. The components of special items on a before- and after-tax basis were: a gain of $34.9 million ($23.6 million after-tax, or $.11 per share) on the partial sale of assets related to the formation of Air Products Polymers, L.P. (a 65% majority-owned venture with Wacker-Chemie GmbH); expense of $34.2 million ($21.9 million after-tax, or $.10 per share) related to a global cost reduction program; expense of $10.3 million ($6.4 million after-tax, or $.03 per share) related to chemicals facility closure costs; and a gain of $7.0 million ($4.4 million after-tax, or $.02 per share) from BOC currency options, net of expenses. Additional details on the formation of Air Products Polymers, L.P. and the BOC transaction are included in Notes 17 and 18 to the consolidated financial statements, respectively.

Fiscal 1998 results were increased by net after-tax income of $58.1 million, or $.26 per share, for special items. The components of special items on a before- and after-tax basis were: a gain of $62.6 million ($35.1 million after-tax, or $.16 per share) on the sale of the company's 50% interest in the American Ref-Fuel Company; a gain of $28.3 million ($15.4 million after-tax, or $.07 per share) from a power contract restructuring related to an American Ref-Fuel project; and a gain of $12.6 million ($7.6 million after-tax, or $.03 per share) from a cogeneration project contract settlement. Additional details of the divestiture of the American Ref-Fuel Company are included in Note 17 to the consolidated financial statements.

The table below presents the results for fiscal years 2000, 1999, and 1998 exclusive of special items. The discussion of the consolidated and segment results is based on income excluding special items.

Exclusive of Special Items

[millions of dollars, except per share]	2000	1999	1998

Sales	$5,467.1	$5,020.1	$4,919.0
Operating income	879.9	769.2	845.7
Equity affiliates' income	87.6	61.5	38.0
Net income	532.6	450.8	488.7
Basic earnings per share	2.50	2.12	2.28
Diluted earnings per share	2.46	2.09	2.22

Consolidated sales grew 9% over the prior year to a new record level. While revenue growth was 16% for gases and 7% for chemicals, there was a decline of $137.5 million, or 38%, in the equipment segment. Unfavorable currency impacts reduced sales growth about 2%. The impact of the consolidation of acquired affiliates contributed about one-third of the reported sales growth. The gas segment sales growth benefited from increased demand in several major markets, particularly electronics and chemicals and process industries (CPI). Sales in the chemicals segment increased on broad-based volume growth.

Operating income increased $110.7 million to $879.9 million from $769.2 million in the prior year, a 14% increase. Gases operating income increased $149.9 million, primarily due to significantly improved volumes in the electronics and CPI markets. Chemicals segment operating income decreased $10.3 million, or 5%, as volume growth, cost control, and productivity gains were more than offset by increased raw material and energy costs. Lower equipment project activity resulted in a $20.6 million, or 55%, decline in operating income. Selling and administrative overheads were up about 2%, with the increase due to acquisitions being substantially offset by constraints in overhead spending. Currency and exchange-related impacts reduced year-to-year operating income growth about 3%.

Equity affiliates' income was $87.6 million in fiscal 2000 compared to $61.5 million reported in fiscal 1999. The increase of $26.1 million, a 42% change, is primarily due to improved business conditions in Asia and Mexico. About one-third of the increase was due to currency and exchange-related impacts as well as tax benefits. The growth was achieved in spite of the consolidation of Korea Industrial Gases (KIG) following the purchase of the remaining 51.1% of the affiliate's shares in December 1999.

The company achieved higher sales of $5,020.1 million in fiscal 1999, while net income and diluted earnings per share declined. Sales increased 2%, or $101.1 million over the $4,919.0 reported in fiscal 1998. Operating income was down $76.5 million, a 9% decrease. Equity affiliates' income increased to $61.5 million from $38.0 million in fiscal 1998. The resulting diluted earnings per share was $2.09, a $.13 decline, or 6%.

Consolidated sales grew 2%, primarily as a result of growth in chemicals and gases outside North America. Chemicals businesses experienced volume gains as a result of the emulsions venture with Wacker-Chemie GmbH and prior-year acquisitions. Lower prices in both gases and chemicals had an unfavorable impact on sales growth. The equipment segment sales were lower than the strong prior-year sales. The impact of foreign currency changes was not significant.

Operating income decreased $76.5 million, or 9%, from the prior year. Lower project activity in the equipment segment was a major contributor to the decline. Operating income was also unfavorably impacted by the margin decline in the chemicals segment, as prices declined in several key markets while raw material costs increased. There were additional costs associated with new capacity brought onstream, and some major customers experienced facility outages and operating problems. Weakened gases sales in the electronics and metals markets, combined with ongoing price declines, unfavorably impacted operating income.

Equity affiliates' income increased due to the addition of the redispersible powders venture formed with Wacker-Chemie GmbH, unfavorable foreign exchange impacts in the prior year, and improved performance at several affiliates.

Segment Analysis

A description of the products, services, and markets for each of the business segments is included in Note 21 to the consolidated financial statements.

Gases

[millions of dollars]	2000	1999	1998
Sales	$3,465.5	$2,996.4	$2,950.1
Operating income	673.1	521.9	565.0
Operating income - excluding special items	698.8	548.9	565.0
Equity affiliates' income	73.6	46.8	33.3

Sales of $3,465.5 million in fiscal 2000 grew $469.1 million from

$2,996.4 million in the prior year. The 16% sales increase was primarily due to strong demand in the electronics and CPI end markets as well as improved business conditions in Asia. Contract pass-through of higher natural gas costs added about 3% to sales growth. Approximately one-third of the increase was attributable to acquisitions. The strong dollar relative to European currencies had an adverse impact on sales of about 4%.

The electronics end markets rebounded in fiscal 2000, resulting in substantially improved gases volumes. Growth for the company's specialty gases and chemicals products to the electronics markets was particularly strong. Volumes increased globally in the CPI end markets. Hydrogen/carbon monoxide (HYCO) volumes grew 18% and 3% in North America and Europe, respectively. Sales volumes of gaseous oxygen and nitrogen increased 5% in North America and 8% in Europe.

Liquid oxygen/liquid nitrogen (LOX/LIN) volumes were up 4% in North America, including non-cryo gases. LOX/LIN prices in North America were up about 2% compared to fiscal 1999. Price increases and surcharges, based on higher energy and diesel fuel costs, offset price declines in the prior year. Liquid argon volumes rose 11% over fiscal 1999 due to increased demand in the steel and metals markets as well as construction growth in the electronics industry. Liquid hydrogen volumes were up 8% due to increased government engine testing. European volumes improved over the prior year, although reported sales were adversely impacted by the strong dollar. Southern Europe sustained growth while Northern Europe experienced modest improvement in business conditions over the prior year. LOX/LIN volumes in Europe were up 5%, including non-cryo gases. LOX/LIN prices in Europe were essentially unchanged from the prior year. Asian sales increased substantially over fiscal 1999 reflecting acquisitions and improved regional business conditions. The electronics markets in Asia were particularly strong in fiscal 2000.

Operating income of $698.8 million increased 27%, or $149.9 million, over fiscal 1999. Significant growth in key markets and cost containment initiatives drove the operating income improvement. Acquisitions contributed slightly less than one-third of the increase. The operating margin increased to 20.2% in fiscal 2000 from 18.3% in the prior year. Higher volumes and cost control were key factors in the margin increase of 1.9%. Price increases and surcharges only partially offset higher energy and diesel fuel costs, moderating the margin improvement.

Equity affiliates' income grew $26.8 million to $73.6 million, an increase of 57%. The growth was achieved in spite of the consolidation of KIG following the purchase of the remaining 51.1% of the affiliate's shares in December 1999. The growth in equity affiliates' income was mostly in Asia, Mexico, and the energy-related ventures. Approximately one-third of the increase was due to currency and exchange-related impacts as well as tax benefits.

Sales of $2,996.4 million in fiscal 1999 increased 2%, or $46.3 million, over fiscal 1998. Consolidated Asian entities contributed $27.0 million of the sales growth. Unfavorable currency impacts reduced year-to-year growth by slightly less than 1%.

Overall gases volumes grew modestly, reflecting weak manufacturing activity in North America and Northern Europe. LOX/LIN volumes, including non-cryo, were up approximately 2% in North America and 8% in Europe. In the United States, depressed conditions in the metals and electronics markets offset growth in several other end-use markets. Packaged gases volumes grew 6% in the United States, with a 3% increase in same-store sales and 3% growth from acquisitions. In Europe, packaged gases sales growth was 3%. Pricing in the LOX/LIN component of merchant gases was down about 2% in both North America and Europe, with overall pricing experiencing continued competitive pressure. Tonnage gases volume remained flat in North America due to weak steel demand. Tonnage gases volumes in Europe increased 4% as a result of loading at the Rotterdam complex.

Operating income declined $16.1 million, or 3%, to $548.9 million from the prior year. Operating margin for the fiscal year was 18.3%, down from 19.2% in the prior year. The operating margin decline was mainly due to geographic mix, lower volumes to steel customers, a weak electronics market, and competitive pricing pressure partially offset by cost reduction efforts.

Equity affiliates' income increased $13.5 million to $46.8 million, or 41%. This increase was due to unfavorable foreign exchange effects in the prior year combined with improved performance at several affiliates, particularly in Korea and Mexico.

Chemicals

[millions of dollars]	2000	1999	1998
Sales	$1,772.8	$1,657.4	$1,539.2
Operating income	182.1	193.7	247.2
Operating income - excluding special items	197.7	208.0	247.2
Equity affiliates' income	12.5	12.4	.6

Fiscal 2000 sales were $1,772.8 million, up 7%, or $115.4 million, from the $1,657.4 million reported in the prior year. Operating income in fiscal 2000 declined $10.3 million, or 5%, from the prior year. Broad-based volume gains, led by epoxy additives and polyurethane intermediates, resulted in an overall segment volume growth of 8%. Emulsions volumes grew slightly as aggressive pricing actions in response to raw material cost increases impacted sales growth. PVOH volumes grew 11%. There was no significant contribution to operating income from PVOH in fiscal 2000. The company completed the sale of the PVOH business in September 2000. See Note 17 to the consolidated financial statements for details on the PVOH business sale. Unfavorable currency and exchange-related impacts reduced sales growth less than 1%, but had an unfavorable impact of 5% on operating income growth. The operating margin was 11.2% in fiscal 2000 compared to 12.5% in the prior year. Strong volume growth, productivity gains, and effective cost containment initiatives were more than offset by raw material and energy cost pressures, as well as lower pricing in select businesses. Aggressive pricing actions lagged the continued raw material and energy cost increases.

Equity affiliates' income in fiscal 2000 was $12.5 million compared to

$12.4 million in the prior year. The equity affiliates' income primarily results from the redispersible powders venture with Wacker-Chemie GmbH.

Sales in fiscal 1999 increased 8%, or $118.2 million, to $1,657.4 million. Operating income declined $39.2 million to $208.0 million, a 16% decrease. Overall volume grew 10%, with 7% of the growth primarily from a new emulsion venture with Wacker-Chemie GmbH. Amines and PVOH volumes declined from the strong levels of fiscal 1998. The impact of the Imperial Chemicals Industries (ICI) methylamines acquisition in the prior year also contributed to the sales growth. Prices in the emulsions business declined in fiscal 1999, while raw material costs increased over the year, resulting in a margin decline. An unfavorable Asian economy led to declines in selling prices of methylamines and PVOH. Currency and exchange-related effects were not significant to the change in sales or operating income in fiscal 1999. The operating income decrease was due to price declines combined with raw material cost increases, increased costs of new capacity additions, and customer facility outages and operating difficulties. The resulting operating margin in fiscal 1999 was 12.5%, compared to 16.1% in the prior year.

Equity affiliates' income increased $11.8 million to $12.4 million. The increase reflects the company's 20% interest in the redispersible powders venture formed with Wacker-Chemie GmbH in October 1998.

Equipment

[millions of dollars]	2000	1999	1998
Sales	$228.8	$366.3	$429.7
Operating income	9.9	34.7	59.2
Operating income - excluding special items	16.8	37.4	59.2
Equity affiliates' income	2.0	1.6	1.9

Sales were $228.8 million, down $137.5 million, or 38%, from the prior year. Operating income of $16.8 million was down $20.6 million from $37.4 million in fiscal 1999. Good project cost performance partially offset the impact of lower project activity. Sales backlog for the equipment segment declined to $149 million at 30 September 2000, compared to $175 million at 30 September 1999. It is expected that $131 million of the backlog will be completed during fiscal 2001.

Sales declined $63.4 million to $366.3 million from $429.7 million in fiscal 1998. Operating income declined $21.8 million, or 37%, to $37.4 million. The decrease in sales and operating income was due to lower project activity in most areas, particularly natural gas liquefaction equipment. Sales backlog for the equipment segment declined to $175 million at 30 September 1999, compared to $302 million at 30 September 1998.

BOC transaction

In July 1999, the company, BOC, and L'Air Liquide S.A. (Air Liquide) of France announced that they had agreed to the terms of a recommended offer for the share capital of BOC at UK(pound)14.60 per BOC share (the Offer). The Offer, which was to be made jointly by the company and Air Liquide, was subject to certain preconditions, one of which was the approval of the U.S. Federal Trade Commission (FTC).

During ten months of discussions with the FTC, the company and Air Liquide made a number of comprehensive and practical proposals, including divestitures, which responded to the defined requirements of the FTC. On 10 May 2000, the company and Air Liquide announced that the FTC 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.

Since the BOC transaction did not occur, certain costs and financing fees that had been deferred were required to be expensed. In addition, the company and Air Liquide were obligated to pay BOC a fee of $50 million each since the Offer to acquire BOC was not made.

The company had entered into various purchased currency options and forward exchange contracts to hedge the currency exposure related to the proposed purchase of BOC shares at UK(pound)14.60 per share. Net losses associated with the change in market value of these contracts were recorded in earnings. The company purchased U.K. Pound Sterling put options to cap the rate change exposure of the forward exchange contracts.

The results for the year ended 30 September 2000 included a total charge related to the BOC transaction of $730.4 million ($456.5 million after-tax, or $2.12 per share). Of this amount, $594.6 million ($371.6 million after-tax) of charges were recorded on purchased currency option and forward exchange contracts entered into to hedge the currency exposure of the transaction, resulting in a cumulative charge recorded on the currency hedging instruments of $582.0 million ($363.8 million after-tax). The remaining charge of $135.8 million ($84.9 million after-tax) consists of the BOC fee paid and transaction expenses.

The results for the year ended 30 September 1999 included a net gain of $7.0 million ($4.4 million after-tax, or $.02 per share) from BOC currency options, net of expenses.

The cash impact of the BOC transaction of $690.1 million in fiscal 2000 and $33.3 million in fiscal 1999 was principally reflected as an investing activity in the statement of Consolidated Cash Flows. This cash impact does not consider the tax benefits associated with this transaction.

Interest Expense

- --

[millions of dollars]	2000	1999	1998
Interest incurred	$214.1	$181.2	$178.5
Less: Interest capitalized	17.4	22.1	15.7
Interest expense	$196.7	$159.1	$162.8

Interest expense in fiscal 2000 increased $37.6 million. The increase was due to higher average debt, slightly higher interest rates, and lower capitalized interest. The higher average debt resulted from the BOC transaction. Interest expense in fiscal 1999 decreased $3.7 million. Higher capitalized interest and lower rates more than offset the unfavorable impact of higher average debt.

Income Taxes

	2000	1999	1998
Effective tax rate	(12.4%)	31.1%	33.6%
Effective tax rate - excluding special items	30.2%	31.3%	32.2%

The company had a net tax benefit for the year ending 30 September 2000. The net benefit resulted from the loss on the BOC transaction, as well as tax credits and adjustments. The current year net tax benefit compares to an effective tax rate of 31.1%, after minority interest of $15.1 million, in the prior year. Excluding the tax impact of the fiscal 2000 special items, the effective tax rate for the year is 30.2%, after minority interest of $7.6 million. The comparable effective tax rate in fiscal 1999 was 31.3%. The 1.1% reduction in effective tax rates after special items was due to credits and adjustments.

The effective tax rate in fiscal 1999 excluding special items decreased .9% from the comparable rate in fiscal 1998. The decrease was essentially due to higher after-tax equity affiliates' income.

Environmental Matters

The company is subject to various environmental laws and regulations in the United States and foreign countries where it has operations. Compliance with these laws and regulations results in higher capital expenditures and costs. Additionally, from time to time the company is involved in proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act (the federal Superfund law), similar state laws, and the Resource Conservation and Recovery Act (RCRA) relating to the designation of certain sites for investigation and possible cleanup. The company's accounting policies for environmental expenditures are discussed in Note 1 to the consolidated financial statements.

The amounts charged to earnings on an after-tax basis related to environmental protection totaled $30.3 million, $27.2 million, and $23.5 million for fiscal 2000, 1999, and 1998, respectively. These amounts represent an estimate of expenses for compliance with environmental laws, as well as remedial activities, and costs incurred to meet internal company standards. Such costs are estimated to be $28 million in fiscal 2001 and $25 million in fiscal 2002.

Although precise amounts are difficult to define, the company estimates that in fiscal 2000 it spent approximately $3 million on capital projects to control pollution versus $7 million in fiscal 1999. Capital expenditures to control pollution in future years are estimated at $5 million in both fiscal 2001 and 2002.

It is the company's policy to accrue environmental investigatory and noncapital remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The potential exposure for such costs is estimated to range from $8 million to a reasonably possible upper exposure of $21 million. The balance sheet at 30 September 2000 included an accrual of $16.7 million. At 30 September 1999, the balance sheet accrual was $19.4 million.

In addition to the environmental exposures discussed in the preceding paragraph, there will be spending at a company-owned manufacturing site where the company is undertaking RCRA corrective action remediation. The company estimates capital costs to implement the anticipated remedial program will range from $24-$33 million. Spending was $21 million through fiscal 2000 and is estimated at $2 million for fiscal 2001 and $1 million for fiscal 2002. Operating and maintenance expenses associated with continuing the remedial program were minimal in fiscal 2000 and are estimated at $1 million a year beginning in fiscal 2001 and will continue for an estimated period of up to 30 years. A former owner and operator at the site has agreed to reimburse the company 20% of the costs incurred in the remediation. Reimbursement of $1.4 million and $2.2 million was received in fiscal 2000 and 1999, respectively, and is estimated at $.5 million for fiscal 2001. In fiscal 1999, an insurance recovery related to this environmental site was received in the amount of $7.7 million. The cost estimates have not been reduced by the value of such reimbursements.

Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Subject to the imprecision in estimating future environmental costs, the company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a materially adverse effect on its financial condition or results of operations in any one year.

Liquidity, Capital Resources, and Other Financial Data

Notwithstanding the loss incurred on the attempted acquisition of BOC, the company maintained a solid financial condition throughout fiscal 2000. Cash from operations, supplemented with proceeds from asset sales and debt financings, provided funding for the company's capital spending program and the BOC transaction related loss. Cash flow from operations and financing activities will meet liquidity needs for the foreseeable future. The company's long-term debt and commercial paper continue to be rated A/A3 and A-1/P-2, respectively.

Capital Expenditures

Capital expenditures in fiscal 2000 totaled $973.0 million, down 12% from the fiscal 1999 level. As in fiscal 1999, additions to plant and equipment and acquisitions in fiscal 2000 were largely in support of worldwide expansion of the gas business. Acquisitions in fiscal 2000 principally included the purchase of the remaining 51.1% of KIG, raising the company's ownership to 100%. Acquisitions in fiscal 1998 included $108.4 million for the ICI methylamines and derivatives businesses in the chemicals group. Investments in equity affiliates in fiscal 1999 included $52.0 million in INOX, an Indian industrial gases company, and $53.0 million in a joint venture with Wacker-Chemie GmbH.

[millions of dollars]	2000	1999	1998
Additions to plant and equipment	$767.7	$ 888.9	$ 770.9
Investments in and advances to unconsolidated affiliates	5.6	110.6	31.9
Acquisitions	194.8	90.4	192.2
Capital leases	4.9	18.5	5.7
Total	$973.0	$1,108.4	$1,000.7

Capital expenditures are expected to be approximately $1.0 billion in fiscal 2001. It is anticipated these expenditures will be funded with cash from operations supplemented with proceeds from financing activities.

Financing and Capital Structure

Capital needs in fiscal 2000 were satisfied with cash from operations, proceeds from asset sales, including $326 million from the sale of the PVOH business, and additional borrowings. At the end of fiscal 2000, total debt outstanding was $3.0 billion compared to $2.8 billion at the end of fiscal 1999.

Financing activities during fiscal 2000 included $760 million equivalent in Eurobond issues, $50 million of tax-exempt debt, and $63 million equivalent in Korean Won bank loans. The Eurobonds were issued in two tranches in the Euro public debt market--$480 million equivalent in five-year notes with a coupon of 6.0% and $280 million in seven-year notes with a coupon of 6.5%. The $50 million of tax-exempt debt has a term of 35 years and a coupon which resets weekly and is correlated to published tax-exempt weekly rate indices. The Korean Won bank loans are for an initial term of one year and carry an interest rate of 8.5%.

At 30 September 2000, $143.0 million of commercial paper was outstanding compared to $363.0 million at the end of fiscal 1999.

Substantial credit facilities are maintained to provide backup funding for commercial paper and to ensure availability of adequate resources for corporate liquidity. At 30 September 2000, the company's committed lines of credit totaled $1,100 million, including $500 million added during the year to provide liquidity while the BOC transaction was in progress. No borrowings were outstanding under these commitments at the end of fiscal 2000. Additional commitments totaling $69.6 million are maintained by the company's foreign subsidiaries, of which $16.1 million was outstanding at 30 September 2000. In October 2000 the $500 million of commitments added during the year matured.

During fiscal 2000, the bank credit facility executed during fiscal 1999 to ensure the availability of funding to finance the anticipated acquisition of BOC was terminated.

Financial Instruments

The company enters into contractual agreements in the ordinary course of business to hedge its exposure to interest rate and foreign currency risks. Counterparties to these agreements are major financial institutions. Management believes the risk of incurring losses related to credit risk is remote and any losses would be immaterial.

Interest rate swap agreements are used to reduce interest rate risks and costs inherent in the company's debt portfolio. The company enters into these agreements to change the fixed/variable interest rate mix of the debt portfolio in order to maintain the percentage of fixed and variable debt within certain parameters set by management. Accordingly, the company enters into agreements to both effectively convert variable-rate debt to fixed-rate debt and to effectively convert fixed-rate debt into variable-rate debt which is principally indexed to LIBOR rates. The company has also entered into interest rate swap contracts to effectively convert the stated variable rates to interest rates based on LIBOR.

The company is also party to interest rate and currency swap contracts. These contracts entail both the exchange of fixed- and floating-rate interest payments periodically over the life of the agreement and the exchange of one currency for another at inception and at a specified future date. These contracts effectively convert the currency denomination of a debt instrument into another currency in which the company has a net equity position while changing the interest rate characteristics of the instrument. The contracts are used to hedge intercompany and third-party lending activities and the value of investments in certain foreign subsidiaries and affiliates.

The company, in management of its exposure to fluctuations in foreign currency exchange rates, has entered into a variety of foreign exchange contracts, including forward, option combination, and purchased option contracts. These agreements generally involve the exchange of one currency for a second currency at some future date. The company enters into forward exchange and option combination contracts to reduce the exposure to foreign currency fluctuations associated with certain monetary assets and liabilities, as well as certain firm commitments and highly anticipated cash flows. Forward exchange contracts are also used to hedge the value of investments in certain foreign subsidiaries and affiliates by creating a liability in a currency in which the company has a net equity position. The company is also party to purchased option contracts which, if exercised, involve the sale or purchase of foreign currency at a fixed exchange rate for a specified period of time. These contracts are used to hedge firm commitments and certain highly anticipated cash flows, including export sales transactions.

Additional details on these and other financial instruments are set forth in Notes 3, 5, 6, and 18 to the consolidated financial statements and in the Financial Instruments Sensitivity Analysis.

Working Capital

Working capital at 30 September 2000 (excluding cash and cash items, short-term borrowings, and the current portion of long-term debt) was $765.3 million, up $21.7 million from the prior year. Excluding the impact of currency options and deferred financing expenses included in the prior-year working capital related to the BOC transaction, working capital was up $55.8 million. Working capital at 30 September 2000 was slightly reduced due to the sale of the PVOH business and the consolidation of KIG. Excluding the BOC, PVOH, and KIG impacts on working capital, the year-to-year change in working capital was due to higher trade receivables.

Working capital at 30 September 1999 (excluding cash and cash items, short-term borrowings, and the current portion of long-term debt) was $743.6 million, up $5.8 million over the prior year. Excluding the impact of the currency options related to the BOC transaction and deferred financing expenses, working capital was down slightly, or $28.3 million.

Dividends and Stock Split

The Board of Directors in May 2000 increased the quarterly cash dividend 6%, from 18.0 cents per share, to 19.0 cents per share. Dividends are declared by the Board of Directors and, when declared, usually will be paid during the sixth week after the close of the fiscal quarter.

In May 1998, the Board of Directors approved a two-for-one stock split. The additional shares were issued on 15 June 1998 to shareholders of record on 15 May 1998.

Cost Reduction Plan

A global cost reduction plan (the 2000 Plan) was initiated in the chemicals segment in the fiscal quarter ended 31 March 2000. The 2000 Plan included staff reductions of 103 employees in the areas of manufacturing and overheads. The charge to earnings for the 2000 Plan was $8.7 million. As of 30 September 2000, 79 of the positions have been eliminated, with completion of the eliminations expected by 31 March 2001. Termination expenses of $5.6 million have been incurred, with $3.1 million remaining in accrued liabilities.

Under the 2000 Plan, the results for the quarter ended 30 June 2000 reflected a charge of $39.2 million for additional staff reductions of 347 positions in the areas of manufacturing, engineering, distribution, and overheads. The results for the fiscal quarter ended 30 June 2000 also included a charge of $7.5 million for asset impairments related to the rationalization of three facilities in Europe. As of 30 September 2000, 84 positions have been eliminated, with completion of the 2000 Plan expected by 30 June 2001. Termination expenses of $18.8 million have been incurred, and $20.4 million remain in accrued liabilities.

For the fiscal year ended 30 September 2000, the total staff reduction plan and related facility impairments resulted in a charge to expense of $55.4 million ($35.0 million after-tax, or $.16 per share). The 2000 Plan in total included 450 position eliminations and three facility impairments. Benefits from the total 2000 Plan are expected to be $30 million and $35 million in fiscal 2001 and 2002, respectively.

The company initiated a global cost reduction plan (the 1999 Plan) in the fiscal quarter ended 31 December 1998 and expanded the 1999 Plan in the fiscal quarter ended 30 June 1999 to a total of 348 positions. For the fiscal year ended 30 September 1999, the total charge to expense for the 1999 Plan was $34.2 million ($21.9 million after-tax, or $.10 per share). The 1999 Plan was completed in fiscal 2000 essentially as expected.

New Accounting Standards

In September 2000, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"--a replacement of SFAS No. 125. SFAS No. 140 adds new disclosure requirements for fiscal years ending after 15 December 2000. Certain provisions apply to transfers of financial assets and extinguishments of liabilities occurring after 31 March 2001. SFAS No. 140 also revises the criteria involving qualifying special purpose entities. The company is reviewing the impact of SFAS No. 140 but does not expect any material impact to the financial statements from the adoption of this standard.

In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities"--an amendment of FASB Statement No. 133. This Statement addresses a limited number of issues causing implementation difficulties for numerous entities that apply SFAS No. 133. SFAS No. 133 was issued in June 1998 and establishes accounting and reporting standards requiring that every derivative (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or a liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless special accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge treatment. The transition adjustment resulting from adopting this Statement shall be reported in net income and other comprehensive income. The company will adopt SFAS No. 133 and SFAS No. 138 in the first quarter of fiscal 2001. The adoption of these Statements will not have a material effect on the company's financial statements or risk management processes.

Pension Plan Funding

The funding policy for pension plans is to accumulate plan assets that, over the long run, will approximate the present value of projected benefits payable. In fiscal 2000, the company contributed $7.3 million compared to $8.2 million in fiscal 1999. The company expects to make contributions of approximately $22 million in fiscal 2001.

Exchange Rate Fluctuations

Exchange rate fluctuations can be a significant variable for international operations, especially fluctuations in local currencies where hedging opportunities are unreasonably expensive or unavailable.

Inflation

The financial statements are presented in accordance with generally accepted accounting principles and do not fully reflect the impact of prior years' inflation. While the U.S. inflation rate has been modest for several years, the company operates in many international areas with both inflation and currency issues. The ability to pass on inflation costs is an uncertainty due to general economic conditions and competitive situations. It is estimated that the cost of replacing the company's plant and equipment today is greater than its historical cost. Accordingly, depreciation expense would be greater if the expense were stated on a current cost basis.

Forward-Looking Statements

The forward-looking statements contained in this document are based on current expectations regarding important risk factors. Actual results may differ materially from those expressed. In addition to important risk factors and uncertainties referred to in the Management's Discussion and Analysis, other important risk factors and uncertainties include overall economic and business conditions; demand for the goods and services of the company; competitive factors in the industries in which it competes; the ability to recover increased energy and raw material costs through pricing; changes in government regulations; success of implementing cost reduction programs; the timing, impact, and other uncertainties of future acquisitions and divestitures; fluctuations in interest rates and foreign currencies; the impact of tax and other legislation and regulations in the jurisdictions in which the company and its affiliates operate; and the timing and rate at which tax credits can be utilized.

Financial Instruments Sensitivity Analysis

The analysis below presents the sensitivity of the market value of the company's financial instruments to selected changes in market rates and prices. The range of changes chosen reflects the company's view of changes which are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on the market rates and prices chosen. The market values for interest rate risk and foreign currency risk are calculated by the company utilizing a third-party software model which utilizes standard pricing models to determine the present value of the instruments based on market conditions (interest rates, spot and forward exchange rates, and implied volatilities) as of the valuation date. All instruments are entered into for other than trading purposes. The utilization of these instruments is described more fully in the financial instruments section of the Management's Discussion and Analysis and Notes 3, 5, and 6 to the consolidated financial statements. The major accounting policies for these instruments are described in Note 1 to the consolidated financial statements.

The company's derivative and other financial instruments consist of long-term debt (including current portion), interest rate swaps, interest rate and currency swaps, foreign exchange-forward contracts, and foreign exchange-option contracts. The net market value of these financial instruments combined is referred to below as the net financial instrument position. The net financial instrument position does not include other investments of $34.7 million at 30 September 2000 and $38.4 million at 30 September 1999 as disclosed in Note 3 to the consolidated financial statements. These amounts principally represent an investment in a publicly traded foreign company accounted for by the cost method. The company assessed the materiality of the market risk exposure on these financial instruments and determined this exposure to be immaterial.

At 30 September 2000, the net financial instrument position was a liability of $2,862.0 million. At 30 September 1999, the net financial instrument position was a liability of $2,504.3 million, excluding currency options executed to hedge the BOC transaction. The increase in the net financial instrument position is due mainly to the increase in long-term debt, including the current portion.

Interest Rate Risk

The company's debt portfolio, including interest rate swap agreements, as of 30 September 2000 is comprised primarily of debt denominated in U.S. dollars (53%). The primary currencies of non-U.S. dollar debt are the Euro currencies, U.K. Pound Sterling, and Korean Won. The company has both fixed- and variable-rate debt. Changes in interest rates have different impacts on the fixed- and variable-rate portions of the company's debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not impact the net financial instrument position.

The sensitivity analysis related to the fixed portion of the company's debt portfolio assumes an instantaneous 100 basis point move in interest rates from their levels at 30 September 2000 and 1999, with all other variables (including foreign exchange rates) held constant. A 100 basis point increase in market interest rates would result in a decrease in the net financial instrument position of $130 million and $95 million at 30 September 2000 and 1999, respectively. A 100 basis point decrease in market interest rates would result in an increase in the net financial instrument position of $137 million and $117 million at 30 September 2000 and 1999, respectively.

Based on the variable-rate debt included in the company's debt portfolio, including the interest rate swap agreements, as of 30 September 2000 and 1999, a 100 basis point increase in interest rates would result in an additional $7 million and $12 million in interest incurred per year at 30 September 2000 and 1999, respectively. A 100 basis point decline would lower interest incurred by $7 million and $12 million per year at 30 September 2000 and 1999, respectively.

Foreign Currency Exchange Rate Risk

The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from their levels of 30 September 2000 and 1999, with all other variables (including interest rates) held constant. A 10% strengthening of the functional currency of an entity versus all other currencies would result in a decrease in the net financial instrument position of $161 million at 30 September 2000 and a decrease of $103 million at 30 September 1999, excluding the currency options related to the BOC transaction. A 10% weakening of the functional currency of an entity versus all other currencies would result in an increase in the net financial instrument position of $161 million at 30 September 2000 and an increase of $103 million at 30 September 1999, excluding the currency options related to the BOC transaction.

The primary currencies for which the company has exchange rate exposure are the U.S. dollar versus the Euro currencies, the Euro currencies versus the U.K. Pound Sterling, and the Euro currencies versus the Canadian Dollar. Foreign currency debt, interest rate and currency swaps, and foreign exchange-forward contracts are used in countries where it does business, thereby reducing the company's net asset exposure. Foreign exchange-forward contracts are also used to hedge the company's firm and highly anticipated foreign currency cash flows, along with foreign exchange-option contracts. Thus, there is either an asset or cash flow exposure related to all the financial instruments in the above sensitivity analysis for which the impact of a movement in exchange rates would be in the opposite direction and materially equal (or more favorable in the case of purchased foreign exchange-option contracts) to the impact on the instruments in the analysis.

Company Responsibility for Financial Statements

The accompanying consolidated financial statements have been prepared by the company. They conform with accounting principles generally accepted in the United States and reflect judgments and estimates as to the expected effects of incomplete transactions and events being accounted for currently. The company believes that the accounting systems and related controls that it maintains are sufficient to provide reasonable assurance that assets are safeguarded, transactions are appropriately authorized and recorded, and the financial records are reliable for preparing such financial statements. The concept of reasonable assurance is based on the recognition that the cost of a system of internal accounting controls must be related to the benefits derived. The company maintains an internal audit function which is responsible for evaluating the adequacy and application of financial and operating controls and for testing compliance with company policies and procedures.

The independent public accountants are engaged to perform an audit of the consolidated financial statements in accordance with auditing standards generally accepted in the United States. Their report follows.

The Audit Committee of the Board of Directors is comprised entirely of individuals who are not employees of the company. This Committee meets periodically with the independent public accountants, the internal auditors, and management to consider audit results and to discuss significant internal accounting control, auditing, and financial reporting matters. The Audit Committee recommends the selection of the independent public accountants who are then appointed by the Board of Directors subject to ratification by the shareholders.

Harold A. Wagner	Leo J. Daley
Chairman and	Vice President-Finance
Chief Executive Officer	and Controller
27 October 2000	27 October 2000

Report of Independent Public Accountants

To the Shareholders and Board of Directors, Air Products and Chemicals, Inc.:

We have audited the accompanying consolidated balance sheets of Air Products and Chemicals, Inc. (a Delaware corporation) and subsidiaries as of 30 September 2000 and 1999, and the related consolidated statements of income, comprehensive income, cash flows, and shareholders' equity for each of the three years in the period ended 30 September 2000. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Air Products and Chemicals, Inc. and subsidiaries as of 30 September 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended 30 September 2000, in conformity with accounting principles generally accepted in the United States.

Arthur Andersen LLP
Philadelphia, Pennsylvania
27 October 2000

Consolidated Income
Air Products and Chemicals, Inc. and Subsidiaries

Year Ended 30 September [millions of dollars, except per share]	2000	1999	1998
Sales and Other Income			
Sales - note 1	$5,467.1	$5,020.1	$4,919.0
Other income, net - note 20	28.4	19.7	15.5
	5,495.5	5,039.8	4,934.5
Costs and Expenses			
Cost of sales	3,825.6	3,501.4	3,317.0
Selling and administrative	714.7	690.6	659.8
Research and development	124.4	123.1	112.0
Operating Income	830.8	724.7	845.7
Income from equity affiliates, net of related expenses - note 8	87.6	61.5	38.0
Gain on sale of polyvinyl alcohol business - note 17	126.8	--	--
Gain (loss) on currency hedges related to BOC transaction and expenses - note 18	(730.4)	7.0	--
Net gain on formation of polymer venture - note 17	--	34.9	--
Gain on American Ref-Fuel sale and contract settlements - note 17	--	--	103.5
Interest expense - note 1	196.7	159.1	162.8
Income Before Taxes and Minority Interest	118.1	669.0	824.4
Income tax provision (benefit) - notes 1 and 10	(13.7)	203.4	276.9
Minority interest in earnings of subsidiary companies	7.6	15.1	.7
Net Income	$ 124.2	$ 450.5	$ 546.8
Monthly Average of Common Shares Outstanding (in millions) - note 13	213.4	212.2	215.5
Monthly Average of Common and Common Equivalent Shares Outstanding (in millions) - note 13	216.2	216.0	220.1
Basic Earnings per Common Share - note 13	$.58	$2.12	$2.54
Diluted Earnings per Common Share - note 13	$.57	$2.09	$2.48

Comprehensive Income
Air Products and Chemicals, Inc. and Subsidiaries

Year Ended 30 September [millions of dollars]	2000	1999	1998
Net Income	$124.2	$450.5	$546.8
Other Comprehensive Income (Loss), net of tax			
Foreign currency translation adjustments	(137.3)	(61.3)	(36.1)
Unrealized holding gains (losses) arising during the period	1.8	8.9	(1.9)
Minimum pension liability adjustments	2.1	9.5	(14.3)
Total Other Comprehensive Income (Loss)	(133.4)	(42.9)	(52.3)
Comprehensive Income (Loss)	$ (9.2)	$407.6	$494.5

The accompanying notes are an integral part of these statements.

Consolidated Balance Sheets
Air Products and Chemicals, Inc. and Subsidiaries

30 September [millions of dollars, except per share]	2000	1999
Assets		
Current Assets		
Cash and cash items - note 1	$ 94.1	$ 61.6
Trade receivables, less allowances for doubtful accounts of $13.4 in 2000 and $11.6 in 1999	982.7	894.7
Inventories - notes 1 and 7	388.8	424.9
Contracts in progress, less progress billings	93.4	79.8
Other current assets	246.0	321.4
Total Current Assets	1,805.0	1,782.4
Investment in Net Assets of and Advances to Equity Affiliates - notes 1 and 8	466.6	521.4
Plant and Equipment - notes 1, 4, 11, and 15		
Plant and equipment, at cost	10,310.9	10,187.9
Less--Accumulated depreciation	5,054.2	4,995.0
Plant and Equipment, net	5,256.7	5,192.9
Goodwill and Other Noncurrent Assets - note 1	742.2	738.8
Total Assets	$ 8,270.5	$8,235.5
Liabilities and Shareholders' Equity		
Current Liabilities		
Payables, trade and other - note 20	$ 578.4	$ 505.8
Accrued liabilities - note 20	357.2	407.0
Accrued income taxes	10.0	64.4
Short-term borrowings - note 20	249.7	407.6
Current portion of long-term debt - note 4	179.5	473.0
Total Current Liabilities	1,374.8	1,857.8
Long-Term Debt - notes 4 and 15	2,615.8	1,961.6
Deferred Income and Other Noncurrent Liabilities	561.3	596.1
Deferred Income Taxes - notes 1 and 10	781.8	731.1
Total Liabilities	5,333.7	5,146.6
Minority Interest in Subsidiary Companies	115.5	127.3
Shareholders' Equity - notes 1, 9, and 12		
Common Stock (par value $1 per share; issued 2000 and 1999 - 249,455,584 shares)	249.4	249.4
Capital in excess of par value	342.2	341.5
Retained earnings	3,667.9	3,701.8
Unrealized gain on investments	15.7	13.9
Minimum pension liability adjustments	(2.7)	(4.8)
Cumulative translation adjustments	(420.8)	(283.5)
Treasury Stock, at cost (2000 - 20,150,393 shares; 1999 - 20,150,772 shares)	(681.6)	(681.6)
Shares in trust (2000 - 15,086,482 shares; 1999 - 16,260,580 shares)	(348.8)	(375.1)
Total Shareholders' Equity	2,821.3	2,961.6
Total Liabilities and Shareholders' Equity	$ 8,270.5	$ 8,235.5

The accompanying notes are an integral part of these statements.

Consolidated Cash Flows
Air Products and Chemicals, Inc. and Subsidiaries

Year Ended 30 September [millions of dollars]	2000	1999	1998
Operating Activities			
Net income	$ 124.2	$ 450.5	$ 546.8
Adjustments to reconcile income to cash provided by operating activities:			
Depreciation - note 1	575.7	527.2	489.4
Deferred income taxes - note 10	(5.5)	58.8	62.3
Loss (gain) on BOC transaction - note 18	706.1	(12.5)	--
American Ref-Fuel divestiture deferred income taxes - note 17	--	--	(80.3)
Undistributed earnings of unconsolidated affiliates	(49.9)	(46.3)	(3.8)
(Gain) loss on sale of assets and investments	(138.6)	3.7	(87.9)
Other	100.8	73.2	133.7
Working capital changes that provided (used) cash, net of effects of acquisitions:			
Trade receivables	(158.5)	(26.3)	11.2
Inventories and contracts in progress	(57.4)	37.0	(2.7)
Payables, trade and other	92.1	26.3	(144.4)
Other	(15.0)	(2.7)	49.4
Cash Provided by Operating Activities	1,174.0	1,088.9	973.7
Investing Activities			
Additions to plant and equipment[a]	(767.7)	(888.9)	(770.9)
Acquisitions, less cash acquired[b]	(170.4)	(83.0)	(182.2)
Investment in and advances to unconsolidated affiliates	(5.6)	(110.6)	(31.9)
BOC transaction costs	(665.8)	(27.7)	--
Proceeds from sale of assets and investments	381.8	45.6	328.3
Other	.1	4.5	(27.6)
Cash Used for Investing Activities	(1,227.6)	(1,060.1)	(684.3)
Financing Activities			
Long-term debt proceeds[a]	820.9	119.5	102.2
Payments on long-term debt	(418.0)	(82.9)	(70.7)
Net (decrease) increase in commercial paper and short-term borrowings	(182.1)	57.5	174.4
Dividends paid to shareholders	(155.7)	(146.2)	(134.0)
Purchase of Treasury Stock	--	(24.6)	(365.0)
Other	15.0	46.6	13.2
Cash Provided by (Used for) Financing Activities	80.1	(30.1)	(279.9)
Effect of Exchange Rate Changes on Cash	6.0	1.4	(.5)
Increase in Cash and Cash Items	32.5	.1	9.0
Cash and Cash Items--Beginning of Year	61.6	61.5	52.5
Cash and Cash Items--End of Year - note 1	$ 94.1	$ 61.6	$ 61.5

The accompanying notes are an integral part of these statements.

[a] Excludes capital leases of $4.9 million, $18.5 million, and $5.7 million in 2000, 1999, and 1998, respectively.

[b] Excludes $24.4 million of long-term debt assumed in acquisitions in fiscal 2000 and $7.4 million of former shareholder liability of a company acquired in fiscal 1999. Excludes debt of $10.0 million to former shareholders of a company acquired in fiscal 1998.

Consolidated Shareholders' Equity
Air Products and Chemicals, Inc. and Subsidiaries

Year Ended 30 September [millions of dollars, except per share]	2000	1999	1998
Common Stock			
Balance, Beginning of Year	$ 249.4	$ 249.4	$ 124.7
Two-for-one stock split	--	--	124.7
Balance, End of Year	249.4	249.4	249.4
Capital in Excess of Par Value			
Balance, Beginning of Year	341.5	329.2	453.0
Issuance of Treasury Shares and Shares in Trust for benefit and stock option and award plans, 1,174,477 shares in 2000, 2,194,464 shares in 1999, and 677,844 shares in 1998	(7.9)	(1.0)	(11.2)
Tax benefit of stock option and award plans	8.6	13.3	12.1
Two-for-one stock split	--	--	(124.7)
Balance, End of Year	342.2	341.5	329.2
Retained Earnings			
Balance, Beginning of Year	3,701.8	3,400.0	2,990.2
Net income	124.2	450.5	546.8
Cash dividends--Common Stock, $.74 per share in 2000, $.70 per share in 1999, and $.64 per share in 1998, restated	(158.1)	(148.7)	(137.0)
Balance, End of Year	3,667.9	3,701.8	3,400.0
Unrealized Gain on Investments			
Balance, Beginning of Year	13.9	5.0	6.9
Change in unrealized gain, net of income tax expense of $1.0 in 2000, $4.9 in 1999, and income tax benefit of $1.0 in 1998	1.8	8.9	(1.9)
Balance, End of Year	15.7	13.9	5.0
Minimum Pension Liability Adjustments			
Balance, Beginning of Year	(4.8)	(14.3)	--
Adjustments during year, net of income tax expense of $1.3 in 2000, $5.7 in 1999, and income tax benefit of $8.6 in 1998	2.1	9.5	(14.3)
Balance, End of Year	(2.7)	(4.8)	(14.3)
Cumulative Translation Adjustments			
Balance, Beginning of Year	(283.5)	(222.2)	(186.1)
Translation adjustments, net of income tax expense of $29.3 in 2000, $2.2 in 1999, and income tax benefit of $13.8 in 1998	(137.3)	(61.3)	(36.1)
Balance, End of Year	(420.8)	(283.5)	(222.2)
Treasury Stock			
Balance, Beginning of Year	(681.6)	(657.0)	(297.3)
Issuance of Treasury Shares for benefit and stock option and award plans, 379 shares in 2000, 371 shares in 1999, and 108,975 shares in 1998	--	--	5.3
Purchase of Treasury Shares, 620,000 in 1999 and 6,835,394 in 1998	--	(24.6)	(365.0)
Balance, End of Year	(681.6)	(681.6)	(657.0)
Shares in Trust - note 1			
Balance, Beginning of Year	(375.1)	(422.8)	(443.3)
Issuance of Shares in Trust for benefit and stock option and award plans, 1,174,098 shares in 2000, 2,194,093 shares in 1999, and 568,869 shares in 1998	26.3	47.7	20.5
Balance, End of Year	(348.8)	(375.1)	(422.8)
Total Shareholders' Equity	$2,821.3	$2,961.6	$2,667.3

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

1. Major Accounting Policies

Consolidation Principles

The consolidated financial statements include the accounts of Air Products and Chemicals, Inc. and its majority-owned subsidiary companies (the company). The equity method of accounting is used when the company has a 20% to 50% interest in other companies. Under the equity method, original investments are recorded at cost and adjusted by the company's share of undistributed earnings or losses of these companies.

Reclassification

Certain amounts in 1999 and 1998 have been restated to conform to the current year presentation.

Revenue Recognition

Revenue from gases and chemicals sales is recognized as risk and title to the product transfers to the customer, which usually occurs at the time shipment is made. Revenues from equipment sale contracts are recorded primarily using the percentage-of-completion method. Under this method, revenues for sale of major equipment, such as Liquid Natural Gas and Air Separation units, are recognized primarily based on labor hours incurred to date compared with total estimated labor hours. Changes to total estimated labor hours and anticipated losses, if any, are recognized in the period determined.

In accordance with Emerging Issues Task Force (EITF) 00-10, amounts billed for shipping and handling fees are classified as sales in the consolidated income statement. Costs incurred for shipping and handling are classified as cost of sales.

Depreciation

In the financial statements, the straight-line method of depreciation is used which deducts equal amounts of the cost of each asset from earnings every year over its expected useful life.

The estimated useful lives primarily range from 5 to 45 years (principally 30 years) for buildings and components and from 14 to 20 years for gas generating and chemical facilities, machinery and equipment.

Major Maintenance

The company changed from the accrue-in-advance method of accounting for major maintenance and hydrostatic testing to the expense-as-incurred method. The change was made to conform the company's accounting policy to recent accounting guidelines recommending the expense-as-incurred method. The impact of this change was not material to the financial statements.

Capitalized Interest

As the company builds new plant and equipment or invests in equity affiliates in the development stage, it includes in the cost of these assets a portion of the interest payments it makes during the year. In 2000, the amount of capitalized interest was $17.4 million. In 1999, it was $22.1 million, and in 1998, $15.7 million.

Interest Rate Swap Agreements

The company enters into interest rate swap agreements to reduce interest rate risks and to modify the interest rate characteristics of its outstanding debt. These agreements involve the exchange of fixed- and floating-rate interest payments periodically over the life of the agreement without the exchange of the underlying principal amounts. The net amount to be paid or received is accrued as interest rates change and recognized over the life of the agreements as an adjustment to interest expense. The fair value of these swap agreements is not recognized in the financial statements. The notional amount of these agreements is equal to or less than the designated debt instrument being hedged. The variable rate bases of the swap instruments and the debt to which they are designated are the same. The company will not enter into any interest rate swap contracts which lever a move in interest rates on a greater than one-to-one basis.

The company is also party to interest rate and currency swap contracts. These contracts entail both the exchange of fixed- and floating-rate interest payments periodically over the life of the agreement and the exchange of one currency for another currency at inception and at a specified future date. The contracts are used to hedge intercompany and third party lending transactions and the value of investments in certain foreign subsidiaries and affiliates. Gains and losses on the currency component of these contracts, which hedge lending transactions, are recognized in income and offset the foreign exchange gains and losses of the related transaction. Gains and losses on the currency component of these contracts which hedge investments in certain foreign subsidiaries and foreign equity affiliates are not included in the income statement but are shown in the cumulative translation adjustments account. The interest component of these contracts is accounted for similarly to other interest rate swap agreements.

Gains and losses on terminated interest rate swap agreements are amortized into income over the remaining life of the underlying debt obligation or the remaining life of the original swap, if shorter.

Foreign Currency

The value of the U.S. dollar rises and falls day to day on foreign currency exchanges. Since the company does business in many foreign countries, these fluctuations affect the company's financial position and results of operations.

Generally, foreign subsidiaries translate their assets and liabilities into U.S. dollars at current exchange rates--that is, the rates in effect at the end of the fiscal period. The gains or losses that result from this process are shown in the cumulative translation adjustments account in the shareholders' equity section of the balance sheet. Certain forward exchange contracts are used to hedge the value of investments in certain subsidiaries and equity affiliates. Gains and losses on these contracts are not included in the income statement but are shown in the cumulative translation adjustments account.

The revenue and expense accounts of foreign subsidiaries are translated into U.S. dollars at the average exchange rates that prevailed during the period. Therefore, the U.S. dollar value of these items on the income statement fluctuates from period to period depending on the value of the dollar against foreign currencies.

Some transactions of the company and its subsidiaries are made in currencies different from their own. Gains and losses from these foreign currency transactions are generally included in income as they occur. The company enters into forward exchange and option combination contracts to manage the exposure to foreign currency fluctuations associated with certain monetary assets and liabilities denominated in a foreign currency as well as certain highly anticipated cash flows. Gains and losses on these contracts are recognized in income and offset the foreign exchange gains and losses of the related transaction.

Forward exchange and option combination contracts are sometimes used to hedge firm commitments, such as the purchase of plant and equipment. Additionally, purchased foreign currency options are sometimes used to hedge firm commitments and certain highly anticipated cash flows, including export sales transactions. The contracts are designated as, and effective as, hedges. The significant characteristics and expected terms of the highly anticipated cash flows are identified. Gains and losses resulting from these agreements are deferred and reflected as adjustments of the related foreign currency transactions. Gains and losses on terminated contracts, for which hedge criteria are met, are deferred and recognized as an adjustment of the related foreign currency transaction.

Environmental Expenditures

Accruals for investigatory and noncapital remediation costs are recorded when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. Remediation costs are capitalized if the costs improve the company's property as compared with the condition of the property when originally constructed or acquired or if the costs prevent environmental contamination from future operations. Costs to operate and maintain the capitalized facilities are expensed as incurred.

The measurement of environmental liabilities is based on an evaluation of currently available facts with respect to each individual site and considers factors such as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. While the current law potentially imposes joint and several liability upon each party at any Superfund site, the company's contribution to clean up these sites is expected to be limited, given the number of other companies which have also been named as potentially responsible parties and the volumes of waste involved. A reasonable basis for apportionment of costs among responsible parties is determined and the likelihood of contribution by other parties is established. If it is considered probable that the company will only have to pay its expected share of the total site cleanup, the liability reflects the company's expected share. In determining the probability of contribution, the company considers the solvency of the parties, whether responsibility is being disputed, the terms of any existing agreements, and experience to date regarding similar matters. These liabilities do not take into account any claims for recoveries from insurance or third parties and are not discounted. As assessments and remediation progress at individual sites, these liabilities are reviewed periodically and adjusted to reflect additional technical and legal information which becomes available. Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. The accruals for environmental liabilities are reflected in the balance sheet primarily as part of other noncurrent liabilities.

Income Taxes

The company accounts for income taxes under the liability method. Under this method, deferred tax liabilities and assets are recognized for the tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates. A principal temporary difference results from the excess of tax depreciation over book depreciation because accelerated methods of depreciation and shorter useful lives are used for income tax purposes. The cumulative impact of a change in tax rates or regulations is included in income tax expense in the period that includes the enactment date.

Cash and Cash Items

Cash and cash items include cash, time deposits, and certificates of deposit acquired with an original maturity of three months or less.

Inventories

To determine the cost of chemical inventories and some gas and equipment inventories in the United States, the company uses the last-in, first-out (LIFO) method. This method assumes the most recent cost is closer to the cost of replacing an item that has been sold. During periods of rising prices, LIFO maximizes the cost of goods sold and minimizes the profit reported on the company's income statement.

All other inventory values are determined using the first-in, first-out (FIFO) method. Cost of an item sold is based on the first item produced or on the current market value, whichever is lower.

Goodwill

When a company is acquired, the difference between the fair value of its net assets and the purchase price is goodwill. Goodwill is recorded as an asset on the balance sheet and is amortized into income over periods not exceeding 40 years. The company assesses the impairment of goodwill related to consolidated subsidiaries in accordance with Statement of Financial Accounting Standards (SFAS) No. 121. This statement requires the recognition of an impairment loss for an asset held for use when the estimate of undiscounted future cash flows expected to be generated by the asset is less than its carrying amount. Measurement of the impairment loss is based on the fair value of the asset, which is determined using valuation techniques such as the present value of expected future cash flows. The measurement of an impairment loss of goodwill related to equity affiliates, however, is based on expected undiscounted future cash flows and is excluded from the scope of SFAS No. 121.

Shares in Trust

The company has established a trust, funded with Treasury Stock, to provide for a portion of future payments to employees under the company's existing compensation and benefit programs. Shares issued to the trust were valued at market price on the date of contribution and reflected as a reduction of shareholders' equity in the balance sheet. As shares are transferred from the trust to fund compensation and benefit obligations, this equity account is reduced based on the original cost of shares to the trust; the satisfaction of liabilities is based on the fair value of shares transferred; and the difference between the fair value of shares transferred and the original cost of shares to the trust is charged or credited to capital in excess of par value.

Estimates and Assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. New Accounting Standards

In September 2000, the Financial Accounting Standards Board (FASB) issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities"--a replacement of SFAS No. 125. SFAS No. 140 adds new disclosure requirements for fiscal years ending after 15 December 2000. Certain provisions apply to transfers of financial assets and extinguishments of liabilities occurring after 31 March 2001. SFAS No. 140 also revises the criteria involving qualifying special purpose entities. The company is reviewing the impact of SFAS No. 140 but does not expect any material impact on the financial statements from the adoption of this standard.

In December 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin (SAB) No. 101, "Revenue Recognition." SAB 101 provides guidance on the recognition, presentation, and disclosure of revenue in financial statements. The company will not be required to change its revenue recognition accounting principles due to the adoption of SAB 101.

In June 2000, the FASB issued SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities"--an amendment of FASB Statement No. 133. This Statement addresses a limited number of issues causing implementation difficulties for numerous entities that apply SFAS No. 133. SFAS No. 133 was issued in June 1998 and establishes accounting and reporting standards requiring that every derivative (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or a liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless special accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires that a company must formally document, designate, and assess the effectiveness of transactions that receive hedge treatment. The transition adjustment resulting from adopting this Statement will be reported in net income and other comprehensive income. The company will adopt SFAS No. 133 and SFAS No. 138 in the first quarter of fiscal year 2001. The adoption of these Statements will not have a material effect on the company's financial statements or risk management processes.

3. Fair Value of Financial Instruments

Summarized below are the carrying values and fair values of the company's financial instruments as of 30 September 2000 and 1999. The fair value of the company's debt, interest rate swap agreements, forward exchange contracts, option combination contracts, and purchased foreign currency options is based on estimates using standard pricing models that take into account the present value of future cash flows as of the balance sheet date. The computation of fair values of these instruments is generally performed by the company.

The fair value of other investments is based principally on quoted market prices. The carrying amounts reported in the balance sheet for cash and cash items, accrued liabilities, accrued income taxes, and short-term borrowings approximate fair value due to the short-term nature of these instruments. Accordingly, these items have been excluded from the table below.

30 September [millions of dollars]	2000 Carrying Value	2000 Fair Value	1999 Carrying Value	1999 Fair Value
Assets				
Other investments	$34.7	$34.7	$38.4	$38.4
Currency option contracts - notes 5 and 18	--	--	70.6	70.5
Interest rate swap agreements - note 6	33.4	33.5	85.4	136.9
Forward exchange contracts - note 5	47.2	29.7	12.5	1.7
Liabilities				
Long-term debt, including current portion - note 4	$2,795.3	$2,925.2	$2,434.6	$2,642.9

4. Long-Term Debt

The following table shows the company's outstanding debt at the end of fiscal 2000 and 1999, excluding any portion of the debt required to be repaid within a year:

30 September [millions of dollars]	2000	1999
Payable in U.S. dollars:		
8 7/8% notes, due 2001	$ --	$ 100.0
Medium-term notes, Series C, due through 2001	--	10.0
8.35% debentures, due 2002, effective interest rate 8.4%	100.0	100.0
6 1/4% notes, due 2003	100.0	100.0
Medium-term notes, Series B, due through 2003, weighted average interest rate 6.1%	16.0	16.0
7 3/8% notes, due 2005, effective interest rate 7.5%	150.0	150.0
8 1/2% debentures, due 2006, callable by company in 2004, effective interest rate 8.6%	100.0	100.0
Notes, due through 2006, weighted average interest rate 7.2%	72.5	72.5
Medium-term notes, Series F, due through 2016, weighted average interest rate 6.4%	215.0	215.0
Medium-term notes, Series D, due through 2016, weighted average interest rate 6.8%	400.0	400.0
8 3/4% debentures, due 2021, effective interest rate 9.0%	100.0	100.0
Medium-term notes, Series E, due through 2026, weighted average interest rate 7.6%	250.0	250.0
California Pollution Control bonds, due 2027, weighted average interest rate 4.7%	57.0	57.0
Solid Waste Disposal Revenue bonds, due through 2035, weighted average interest rate 5.7%	75.0	25.0
Other, due through 2023, weighted average interest rate 7.2%	62.9	44.4
Payable in foreign currency:		
British Pound loan, due 2004, interest rate 6.5%	32.3	36.2
6.0% Euro loan, due 2005	438.5	--
Euro loan, due 2006, interest rate 4.7%	40.5	49.1
5.97% Dutch Guilder loan, due through 2006	29.9	43.4
Belgian Franc loans, due through 2006, weighted average interest rate 4.2%	8.0	15.2
6.5% Euro loan, due 2007	263.1	--
Malaysian Ringgit loans, due through 2007, weighted average interest rate 7.1%	39.9	41.9
Korean Won loans, due through 2018, weighted average interest rate 8.4%	25.2	--
Other, due through 2018, weighted average interest rate 4.7%	7.4	10.3
Less: Unamortized discount	(6.7)	(4.1)
	2,576.5	1,931.9
Capital lease obligations:		
United States, due through 2005, weighted average interest rate 7.3%	6.2	6.2
Foreign, due through 2004, weighted average interest rate 8.5%	33.1	23.5
	39.3	29.7
	$2,615.8	$1,961.6

Various debt agreements to which the company is a party include certain financial covenants and other restrictions, including restrictions pertaining to the ability to create property liens and enter into certain sale and leaseback transactions.

The company has obtained the commitment of a number of commercial banks to lend money at market rates whenever needed by the company. These committed lines of credit also are used to support the issuance of commercial paper. In January 1996, the company entered into a $600 million committed, multicurrency, syndicated credit facility which matures in January 2003. During fiscal 2000, the company added an additional $500 million revolving credit commitment which matured in October 2000. No borrowings were outstanding under these commitments at 30 September 2000. At 30 September 2000, foreign subsidiaries had additional committed credit lines of $69.6 million, $16.1 million of which was borrowed and outstanding.

Maturities of long-term debt in each of the next five years are as follows: $179.5 million in 2001; $218.0 million in 2002; $151.0 million in 2003; $163.3 million in 2004; and $617.5 million in 2005.

Included in the medium-term notes, Series E, is a $100.0 million note, due in 2026, with a one-time put option exercisable by the investor in 2008. Included in Series F is a $50.0 million note, due in 2016, with a one-time put option exercisable by the investor in 2002.

5. Foreign Exchange Contracts

The company, in management of its exposure to fluctuations in foreign currency exchange rates, has entered into a variety of foreign exchange contracts, including forward, option combination, and purchased option contracts. These agreements generally involve the exchange of one currency for a second currency at some future date. Counterparties to these agreements are major international financial institutions. The company's counterparty credit guidelines and management's position regarding possible exposure to losses related to credit risk is comparable to that for interest rate swap agreements as discussed in Note 6.

The company enters into forward exchange and option combination contracts to reduce the exposure to foreign currency fluctuations associated with certain monetary assets and liabilities, as well as certain firm commitments and highly anticipated cash flows. Forward exchange contracts are also used to hedge the value of investments in certain foreign subsidiaries and affiliates by creating a liability in a currency in which the company has a net equity position. The company is also party to purchased option contracts which, if exercised, involve the sale or purchase of foreign currency at a fixed exchange rate for a specified period of time. Purchased option contracts are used to hedge firm commitments and certain highly anticipated cash flows, including export sales transactions. The company had entered into various purchased currency options and forward exchange contracts to hedge the currency exposure related to The BOC Group plc (BOC) transaction. Information regarding this transaction and these contracts is disclosed in Note 18.

The following table illustrates the U.S. dollar equivalent, including offsetting positions, of foreign exchange contracts at 30 September 2000 and 1999 along with maturity dates, net unrealized gain (loss), and net unrealized gain (loss) deferred.

[millions of dollars]	Contract Amount ($U.S. Equivalent)	Latest Maturity Date	Unrealized Gross Gain	Unrealized Gross (Loss)	Net Unrealized Gain (Loss)	Net Unrealized Gain (Loss) Deferred
30 September 2000						
Forward exchange contracts:						
$U.S./Euro	$473.1	2007	$27.1	$ (.3)	$26.8	$ --
Euro/U.K. Pound Sterling	118.1	2001	.1	--	.1	.1
Euro/Canadian Dollar	110.2	2001	--	(.2)	(.2)	--
$U.S./U.K. Pound Sterling	79.7	2001	3.8	(.3)	3.5	(.3)
Other	69.2	2001	.2	(.7)	(.5)	(.4)
	$850.3		$31.2	$(1.5)	$29.7	$(.6)
30 September 1999						
Forward exchange contracts:						
$U.S./Euro	$ 417.4	2003	$ 4.7	$(1.6)	$ 3.1	$ --
$U.S./U.K. Pound Sterling	230.9	2000	.9	(3.4)	(2.5)	.9
Euro/Canadian Dollar	96.3	2000	1.3	--	1.3	--
Euro/U.K. Pound Sterling	56.8	2000	1.1	--	1.1	1.1
Other	75.7	2000	.1	(1.4)	(1.3)	(1.2)
	877.1		8.1	(6.4)	1.7	.8
Option contracts:						
$U.S./U.K. Pound Sterling	2,748.3	2000	12.5	--	12.5	--
$U.S./Japanese Yen	7.2	2000	--	(.1)	(.1)	(.1)
	2,755.5		12.5	(.1)	12.4	(.1)
	$3,632.6		$20.6	$(6.5)	$14.1	$ .7

The company's net equity position in its principal foreign subsidiaries at 30 September 2000 was $1,724.1 million. These subsidiaries have operations in the United Kingdom, Germany, Spain, France, Netherlands, Belgium, Brazil, Japan, China, Malaysia, Korea, Singapore, Indonesia, and Canada. In addition to its foreign subsidiaries, the company has an equity position in foreign equity affiliates as disclosed in Note 8.

6. Interest Rate Swap Agreements

The company enters into interest rate swap agreements to change the fixed/variable interest rate mix of the debt portfolio in order to maintain the percentage of fixed- and variable-rate debt within certain parameters set by management. In accordance with these parameters, the agreements are used to reduce interest rate risks and costs inherent in the company's debt portfolio. Accordingly, the company enters into agreements to both effectively convert variable-rate debt to fixed-rate debt and to effectively convert fixed-rate debt to variable-rate debt, which is principally indexed to LIBOR rates. The company has also entered into variable to variable interest rate swap contracts to effectively convert the stated variable interest rates of the medium-term notes, Series C, to an average interest rate slightly above the three-month U.S. dollar LIBOR rate. The fair value gain (loss) on the variable to variable swaps is equally offset by a fair value loss (gain) on the related debt agreements.

The company is also party to interest rate and currency swap contracts. These contracts effectively convert the currency denomination of a debt instrument into another currency in which the company has a net equity position while changing the interest rate characteristics of the instrument.

Counterparties to interest rate swap agreements are major financial institutions. The company has established counterparty credit guidelines and only enters into transactions with financial institutions of investment grade or better. Minimum credit standards become more stringent as the duration of the swap agreement increases. The company has provisions to require collateral in certain instances. The market value of such collateral posted in the company's favor as of 30 September 2000 is $19.0 million and is a result of the fair value exposure to an investment grade counterparty exceeding the company's policy maximum. Management believes the risk of incurring losses related to credit risk is remote.

The table below illustrates the contract or notional (face) amounts outstanding, maturity dates, weighted average receive and pay rates as of the end of the fiscal year, and the net unrealized gain of interest rate swap agreements by type at 30 September 2000 and 1999. The notional amounts are used to calculate contractual payments to be exchanged and are not generally actually paid or received, except for the currency swap component of the contracts. The net unrealized gain on these agreements, which equals their fair value, is based on the relevant yield curve at the end of the fiscal year.

[millions of dollars] 30 September 2000	Notional Amount	Maturities	Weighted Average Rate Receive	Weighted Average Rate Pay	Unrealized Gross Gain	Unrealized Gross (Loss)	Net Unrealized Gain
Fixed to Variable	$ 31.0	2004	6.9%	6.6%	$ .2	$ --	$ .2
Variable to Variable	10.0	2001	20.7%	6.8%	21.2	--	21.2
Interest Rate/Currency	160.7	2001-2005	7.7%	7.7%	12.3	(.2)	12.1
	$201.7				$33.7	$(.2)	$33.5
30 September 1999							
Fixed to Variable	$311.0	2000-2007	6.9%	5.2%	$ 5.6	$ --	$ 5.6
Variable to Variable	60.0	2000-2001	20.0%	5.4%	121.1	--	121.1
Interest Rate/Currency	270.8	2002-2006	5.3%	7.9%	13.5	(3.3)	10.2
	$641.8				$140.2	$(3.3)	$136.9

Of the net unrealized gain as of 30 September 2000 and 1999, a net gain of $.1 million and $51.5 million, respectively, has not been recognized in the financial statements. At the end of fiscal 2000 and 1999, a net deferred gain of $.8 million and $1.1 million, respectively, resulted from terminated contracts.

After the effects of interest rate swap agreements, the company's total debt, including current portion, is composed of 77% fixed-rate debt and 23% variable-rate debt as of 30 September 2000.

7. Inventories

The components of inventories are as follows:

30 September [millions of dollars]	2000	1999
Inventories at FIFO cost:		
Finished goods	$244.5	$278.2
Work in process	39.7	36.0
Raw materials and supplies	131.9	134.7
	416.1	448.9
Less excess of FIFO cost over LIFO cost	(27.3)	(24.0)
	$388.8	$424.9

Inventories valued using the LIFO method comprised 43.2% and 49.4% of consolidated inventories before LIFO adjustment at 30 September 2000 and 1999, respectively. Liquidation of prior years' LIFO inventory layers in 2000, 1999, and 1998 did not materially affect cost of sales in any of these years.

8. Summarized Financial Information of Equity Affiliates

The following table presents summarized financial information on a combined 100% basis of the principal companies accounted for by the equity method. Amounts presented include the accounts of the following equity affiliates: Cambria CoGen Company (50%); Stockton CoGen Company (50%); Orlando CoGen Limited, L.P. (50%); Pure Air on the Lake, L.P. (50%); Bangkok Cogeneration Company Limited (48.8%); Sankyo Air Products Co., Ltd. (50%); San-Apro Ltd. (50%); Daido Air Products Electronics, Inc. (49%); Sapio Produzione Idrogeno Ossigeno S.r.L. (49%); INFRA Group (40%); San Fu Chemicals (48.1%); Air Products South Africa (50%); Bangkok Industrial Gases Company Ltd. (50.6%); INOX Air Products Limited (48.9%); APP GmbH in WPS GmbH & CoKG (20%); and principally other industrial gas producers.

[millions of dollars]	2000	1999
Current assets	$ 739.3	$ 648.3
Noncurrent assets	1,508.1	1,659.4
Current liabilities	506.9	483.5
Noncurrent liabilities	714.8	790.5
Net sales	1,681.1	1,436.0
Sales less cost of sales	565.6	487.8
Net income	245.7	221.3

The company's share of income of all equity affiliates for 2000, 1999, and 1998 was $99.6 million, $83.7 million, and $48.4 million, respectively. These amounts exclude $12.0 million, $22.2 million, and $10.4 million of related net expenses incurred by the company. Dividends received from equity affiliates were $49.7 million, $36.1 million, and $44.6 million in 2000, 1999, and 1998, respectively.

The investment in net assets of and advances to equity affiliates at 30 September 2000 and 1999 included investment in foreign affiliates of $442.4 million and $478.9 million, respectively.

As of 30 September 2000 and 1999, the amount of investment in companies accounted for by the equity method included goodwill in the amount of $85.3 million and $93.6 million, respectively. The goodwill is being amortized into income over periods not exceeding 40 years.

9. Capital Stock

The authorized Capital Stock consists of 25 million preferred shares with a par value of $1 per share, none of which was outstanding at 30 September 2000, and 300 million shares of Common Stock with a par value of $1 per share. In May 1998, the Board of Directors authorized a two-for-one stock split. On 15 June 1998, each shareholder was issued one additional share of Common Stock for each share owned as of 15 May 1998. The consolidated financial statements have been adjusted, where appropriate, to reflect the effects of the stock split for all periods presented. At 30 September 2000, the number of shares of Common Stock outstanding was 214,218,709.

The company established a trust to fund a portion of future payments to employees under existing compensation and benefit programs in fiscal 1994. The trust, which is administered by an independent trustee, was funded with 20 million shares of Treasury Stock. It will not increase or alter the amount of benefits or compensation which is paid under existing plans. The establishment of the trust does not have an effect on earnings per share or return on average shareholders' equity. As of 30 September 2000, the balance of shares remaining in the trust is 15.1 million.

On 19 March 1998, the Board of Directors unanimously approved a shareholder rights plan to replace the company's previous rights plan, which expired 16 March 1998. Under the plan, the Board of Directors declared a dividend of one Right for each share of Common Stock outstanding at the close of business on 19 March 1998 and with respect to Common Shares issued thereafter until the Distribution Date (as defined below). Each Right, when it becomes exercisable as described below, will entitle its holder to purchase one one-thousandth (1/1,000) of a share of Series A Participating Cumulative Preferred Stock, par value $1 per share, of the company (the "Preferred Shares") at a price of $345.00 (the "Purchase Price").

Until the earlier of (i) such time as the company learns that a person or group has acquired, or obtained the right to acquire, beneficial ownership of more than 15% of the outstanding Common Shares (such person or group being called an "Acquiring Person"), and (ii) such date, if any, as may be designated by the Board of Directors following the commencement of, or first public disclosure of an intention to commence, a tender or exchange offer for outstanding Common Shares which could result in such person or group becoming the beneficial owner of more than 15% of the outstanding Common Shares, (the earlier of such dates being called the "Distribution Date"), the Rights will be evidenced by certificates for Common Shares and not by separate Right certificates. Therefore, until the Distribution Date, the Rights will be transferred with and only with the Common Shares. The Rights are not exercisable until the Distribution Date and will expire on 19 March 2008 (the "Expiration Date"), unless earlier redeemed by the company as described on the following page.

Subject to the right of the Board of Directors to redeem the Rights, at such time as there is an Acquiring Person, each Right (other than Rights held by an Acquiring Person) will thereafter have the right to receive, upon exercise thereof, for the Purchase Price, that number of one one-thousandth of a Preferred Share equal to the number of Common Shares which at the time of such transaction would have a market value of twice the Purchase Price. If the company is acquired in a merger or other business combination by an Acquiring Person, or 50% or more of the company's assets or assets representing 50% or more of the company's earning power are sold, leased, exchanged, or otherwise transferred (in one or more transactions) to an Acquiring Person, each Right (other than Rights held by an Acquiring Person) will entitle its holder to purchase, for the Purchase Price, that number of common shares of such corporation (or, if such corporation is not publicly traded, common shares of any publicly traded affiliate of such corporation) which at the time of the transaction would have a market value (or, if the Acquiring Person is not a publicly traded corporation, having a book value) of twice the Purchase Price.

The Rights are redeemable by the Board of Directors at a redemption price of $.01 per Right any time prior to the earlier of such time as there is an Acquiring Person and Expiration Date.

10. Income Taxes

The following table shows the components of the provision for income taxes:

[millions of dollars]	2000	1999	1998
Federal:			
Current	$(31.3)	$117.5	$238.7
Deferred	3.6	38.8	(32.5)
	(27.7)	156.3	206.2
State:			
Current	3.0	6.3	22.7
Deferred	(14.7)	1.6	(10.8)
Impact of law/rate change	--	(1.9)	--
	(11.7)	6.0	11.9
Foreign:			
Current	20.1	20.8	33.5
Deferred	5.6	20.3	24.7
Impact of law/rate change	--	--	.6
	25.7	41.1	58.8
	$(13.7)	$203.4	$276.9

The significant components of deferred tax assets and liabilities are as follows:

30 September [millions of dollars]	2000	1999
Gross deferred tax assets:		
Pension and other compensation accruals	$142.0	$121.1
Tax loss and investment tax credit carryforwards	34.9	29.2
Reserves and accruals	18.9	27.6
Postretirement benefits	27.8	28.8
Inventory	18.4	18.6
Other	70.2	69.2
Valuation allowance	(6.2)	(3.5)
Deferred tax assets	306.0	291.0
Gross deferred tax liabilities:		
Plant and equipment	752.0	789.8
Investment in partnerships	84.6	52.1
Employee benefit plans	54.4	45.6
Currency gains	16.9	11.3
Construction contract accounting methods	5.0	10.7

Unrealized gain on cost investment	12.2	7.7
Other	74.5	60.9
Deferred tax liabilities	999.6	978.1
Net deferred income tax liability	$693.6	$687.1

Net current deferred tax assets of $51.5 million and net noncurrent deferred tax assets of $36.7 million are included in other current assets and other noncurrent assets at 30 September 2000, respectively. Net current deferred tax assets of $35.1 million and net noncurrent deferred tax assets of $8.9 million are included in other current assets and other noncurrent assets at 30 September 1999.

Foreign and state operating loss carryforwards on 30 September 2000 were $66.7 million and $7.3 million, respectively. Foreign losses of $1.9 million are available to offset future foreign income through 2002. The balance of these losses have an unlimited carryover period. State operating loss carryforwards are available through 2020. Foreign capital loss carryforwards were $2.0 million on 30 September 2000 and have an unlimited carryover period.

The valuation allowance as of 30 September 2000 primarily relates to the tax loss carryforwards referenced above. If events warrant the reversal of the $6.2 million valuation allowance, it would result in a reduction of tax expense.

Major differences between the federal statutory rate and the effective tax rate are:

[percent of income before taxes]	2000	1999	1998
United States federal statutory rate	35.0%	35.0%	35.0%
State taxes, net of federal tax benefit	(3.5)	2.1	1.9
Income from equity affiliates	(22.1)	(3.0)	(1.9)
Foreign tax credits and refunds on dividends received from foreign affiliates	(8.3)	.6	(1.0)
Export tax benefits	(4.7)	(1.4)	(.9)
Investment tax credits	(.5)	(.1)	(.3)
Restructuring of operations	(6.7)	--	--
American Ref-Fuel sale and contract settlements	--	--	1.4
Other	(1.6)	(2.1)	(.6)
Effective tax rate after minority interest	(12.4%)	31.1%	33.6%
Minority interest	.8	(.7)	--
Effective tax rate	(11.6%)	30.4%	33.6%

The following table summarizes the income of U.S. and foreign operations, before taxes and minority interest:

[millions of dollars]	2000	1999	1998
Income from consolidated operations:			
United States	$(145.2)	$433.8	$626.8
Foreign	163.7	151.5	149.2
Income from equity affiliates	99.6	83.7	48.4
	$ 118.1	$669.0	$824.4

The company does not pay or record U.S. income taxes on the undistributed earnings of its foreign subsidiaries and its 20% to 50% owned corporate joint ventures as long as those earnings are permanently reinvested in the companies that produced them. These cumulative undistributed earnings are included in consolidated retained earnings on the balance sheet and amounted to $865.5 million at the end of fiscal 2000. An estimated $203.3 million in U.S. income and foreign withholding taxes would be due if these earnings were remitted as dividends, after payment of all deferred taxes.

11. Plant and Equipment

The major classes of plant and equipment, at cost, are as follows:

30 September [millions of dollars]	2000	1999
Land	$ 144.0	$ 139.3
Buildings	668.8	651.2
Gas generating and chemical facilities,		

machinery and equipment	9,031.0	8,713.7
Construction in progress	467.1	683.7
	$10,310.9	$10,187.9

12. Stock Option and Award Plans

Long-Term Incentive Plan

The Long-Term Incentive Plan (the "Plan") provides awards of stock options and deferred stock units to executives and key employees. The award type most frequently used is the nonqualified stock option with an exercise price fixed at 100% of the fair market value of a share of Air Products Common Stock ("stock") on the date of grant. Nonqualified stock options become exercisable in cumulative installments of 33 1/3% one year after the date of grant and annually thereafter, and must be exercised no later than ten years and one day from the date of grant.

In October 1998, the company granted 697,300 premium priced stock options in addition to the fair market value stock options. These stock options have an exercise price above market on the date of grant. The awards are 100% vested after two years and are exercisable over an additional three-year period.

In fiscal 1997 and 1999, the company also granted deferred stock units identified as performance shares to executive officers and other key employees. These awards provide for the issuance of Common Stock based on certain management objectives achieved by the performance period ending 30 September 1998 and 30 September 2000, respectively. Generally, 50% of the performance shares are payable at the end of the performance period, with the balance payable after retirement. No shares will be paid out under the 1999 grant. The number of shares outstanding for the fiscal 1997 grant is 360,585 share units. Compensation expense is recognized over the vesting period.

Prior to the issuance of performance shares, the company granted deferred stock units as career share awards in fiscal years 1992 through 1997 to certain executive officers and other key employees. Career shares are deferred stock units payable in shares of stock after retirement. Career share awards equivalent to 777,482 and 803,743 shares of stock were outstanding at the end of fiscal years 2000 and 1999, respectively. Compensation expense is recognized over the vesting period.

The following table summarizes stock option transactions (fair market value stock options and premium priced stock options) as follows:

	Number of Shares	Average Price
Outstanding at 30 September 1997	10,859,886	$21.73
Granted	2,014,500	41.31
Exercised	(1,021,169)	13.56
Forfeited	(40,075)	32.32
Outstanding at 30 September 1998	11,813,142	25.73
Granted	2,644,400	32.25
Exercised	(1,050,803)	14.67
Forfeited	(149,233)	33.98
Outstanding at 30 September 1999	13,257,506	27.81
Granted	2,003,500	28.78
Exercised	(985,853)	13.67
Forfeited	(54,548)	32.52
Outstanding at 30 September 2000	14,220,605	28.91
Exercisable at end of year	9,620,945	
Participants at end of year	563	
Available for future grant at end of year	2,590,295	

The following table summarizes information about options outstanding at 30 September 2000:

		Options Outstanding		Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$16.92-23.13	4,026,276	3.65	$20.62	4,026,276	$20.62
26.03-29.47	6,920,005	8.20	28.48	3,681,520	27.98
36.00-41.69	3,274,324	8.01	40.01	1,913,149	39.56

Other Stock-Based Incentives

In addition to the Long-Term Incentive Plan, there is a Directors' Stock Option Plan. Options awarded to nonemployee directors are exercisable six months after grant date and must be exercised no later than ten years and one day from the date of grant. Under this plan, there were 124,000 and 104,000 options outstanding and exercisable at the end of fiscal years 2000 and 1999, respectively. Option prices were $30.81 and $34.53 per share for options issued in fiscal 2000 and 1999, respectively.

Deferred stock units equivalent to 692,808 and 853,081 shares of stock were outstanding at the end of fiscal year 2000 and 1999, respectively. Compensation expense is generally recognized over the four-year deferral period applicable to the awards.

In fiscal 2000, the company granted stock options to certain employees below the executive level. These options vest three years after date of grant and are exercisable over an additional seven-year period. Options for fiscal 2000 were granted at $28.78 per share. As of 30 September 2000, 574,000 options were outstanding.

In October 1995, 1997, and 1999, the company awarded stock options to virtually all employees. These options vest three years after date of grant and are exercisable over an additional seven-year period. The following table summarizes these global stock option transactions:

	Number of Shares	Average Price
Outstanding at 30 September 1998	5,669,600	$34.59
Exercised	(722,200)	26.03
Forfeited	(115,200)	37.38
Outstanding at 30 September 1999	4,832,200	35.82
Granted	1,667,100	28.78
Exercised	(76,200)	26.03
Forfeited	(196,240)	35.93
Outstanding at 30 September 2000	6,226,860	34.05

Pro Forma Information

The company applies Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. SFAS No. 123 requires the company to disclose pro forma net income and pro forma earnings per share amounts as if compensation expense were recognized for options granted after fiscal year 1995. Using this approach, net income and earnings per share would have been reduced to the pro forma amounts indicated in the table:

[millions of dollars, except per share]	2000	1999	1998
Net earnings			
As reported	$124.2	$450.5	$546.8
Pro forma	98.3	428.7	522.0
Basic earnings per share			
As reported	$.58	$2.12	$2.54
Pro forma	.46	2.02	2.42

Diluted earnings per share			
As reported	$.57	$2.09	$2.48
Pro forma	.45	1.98	2.36

For disclosure purposes, the fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted average of assumptions:

	2000	1999	1998
Dividend yield	2.0%	2.0%	2.0%
Expected volatility	28.4%	21.1%	20.1%
Risk-free interest rate	6.2%	4.4%	6.0%
Expected life (years)	6.6	7.2	6.2

The Black-Scholes option-pricing model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option-pricing models require the input of subjective assumptions, including the expected stock price volatility. Because the company's options have characteristics different from those of traded options, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options.

13. Earnings Per Share

The calculation of basic and diluted earnings per share is as follows:

30 September [in millions, except per share]	2000	1999	1998
Numerator:			
Income available to common shareholders used in basic and diluted earnings per share	$124.2	$450.5	$546.8
Denominator:			
Weighted average number of common shares used in basic earnings per share	213.4	212.2	215.5
Effect of dilutive securities:			
Employee stock options	2.0	2.8	3.6
Other award plans	.8	1.0	1.0
	2.8	3.8	4.6
Weighted average number of common shares and dilutive potential common shares used in diluted earnings per share	216.2	216.0	220.1
Basic earnings per share	$.58	$2.12	$2.54
Diluted earnings per share	$.57	$2.09	$2.48

Options on 6.4 million, 6.7 million, and 6.1 million shares of Common Stock were not included in computing diluted earnings per share for fiscal 2000, 1999, and 1998, respectively, because their effects were antidilutive.

(Dividends and Market Price Range per Shares graphs go here.)

14. Pension and Other Postretirement Benefits

The following table shows reconciliations of the domestic pension plans and other postretirement plan benefits as of 30 September 2000 and 1999. The foreign pension plan information is as of 30 June 2000 and 1999:

[millions of dollars]	Pension Benefits 2000	Pension Benefits 1999	Other Benefits 2000	Other Benefits 1999
Change in benefit obligation				
Benefit obligation on 1 October	$1,250.4	$1,307.2	$62.0	$64.6
Service cost	44.5	49.2	4.9	4.9
Interest cost	89.7	84.7	5.6	4.3
Amendments	15.8	6.2	--	--
Actuarial gain	(29.7)	(140.6)	(1.3)	(6.9)
Plan participant contributions	3.2	3.4	--	--
Benefits paid	(52.0)	(45.5)	(4.8)	(4.9)
Currency translation/Other	(47.8)	(14.2)	--	--
Benefit obligation on 30 September	$1,274.1	$1,250.4	$66.4	$62.0
Change in plan assets				
Fair value of plan assets on 1 October	$1,183.6	$1,044.7	$ --	$ --
Actual return on plan assets	138.1	182.8	--	--
Company contributions	7.3	8.2	--	--
Plan participant contributions	3.2	3.4	--	--
Benefits paid	(45.1)	(41.0)	--	--
Currency translation/Other	(55.3)	(14.5)	--	--
Fair value of plan assets on 1 October	$1,231.8	$1,183.6	$ --	$ --
Funded status of the plan	$ (42.3)	$ (66.8)	$(66.4)	$(62.0)
Unrecognized actuarial gain	(109.5)	(30.7)	(11.3)	(10.1)
Unrecognized prior service cost	16.0	17.0	(1.0)	(1.0)
Unrecognized net transition asset	(10.7)	(14.5)	--	--
Net amount recognized	$ (146.5)	$ (95.0)	$(78.7)	$(73.1)
Total recognized amounts in the balance sheet consist of:				
Prepaid benefit cost	$ 98.7	$ 111.8	$ --	$ --
Accrued benefit liability	(252.2)	(221.4)	(78.7)	(73.1)
Intangible asset	2.7	6.8	--	--
Shareholders' equity	4.3	7.8	--	--
Net amount recognized	$ (146.5)	$ (95.0)	$(78.7)	$(73.1)
Weighted average assumptions as of 30 September				
Discount rate	7.6%	7.2%	8.0%	7.75%
Expected return on plan assets	9.5%	9.5%	--	--
Rate of compensation increase	4.7%	4.6%	5.0%	5.0%

For measurement purposes, an 8.0% annual rate of increase in the per capita cost of covered health care benefits was assumed for fiscal 2001. The rate was assumed to decrease gradually to 5.5% for fiscal 2006 and thereafter.

	Pension Benefits			Other Benefits		
[millions of dollars]	2000	1999	1998	2000	1999	1998
Components of net periodic benefit cost						
Service cost	$44.5	$49.2	$ 38.1	$ 4.9	$4.9	$4.1
Interest cost	89.7	84.7	74.6	5.6	4.3	4.3
Expected return on plan assets	(95.8)	(93.9)	(80.8)	--	--	--
Prior service cost amortization	2.4	2.3	1.9	(.1)	(.1)	(.1)
Actuarial (gain)/loss amortization	3.2	15.2	2.8	--	--	(.1)
Transition amount amortization	(3.5)	(3.8)	(3.8)	--	--	--
Special termination benefit	10.7	--	--	--	--	--
Net periodic benefit cost	$51.2	$53.7	$ 32.8	$10.4	$9.1	$8.2

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plan with accumulated benefit obligations in excess of plan assets were $96.0 million, $72.3 million, and $1.5 million, respectively, as of 30 September 2000, and $167.4 million, $146.7 million, and $70.6 million, respectively, as of 30 September 1999.

The company has two nonpension postretirement benefit plans. Health care benefits are contributory with contributions adjusted periodically; the life insurance plan is noncontributory. The effect of a change in the health care trend rate is slightly tempered by a cap on average retiree medical cost. A one percentage point change in the assumed health care cost trend rate would have the following effects:

[millions of dollars]	1 Percentage point Increase	1 Percentage point Decrease
Effect on total of service and interest cost	$.4	$(.6)
Effect on the postretirement benefit obligation	$3.0	$(3.5)

In addition to the above plans, U.S. employees are eligible to contribute to a 401(k) plan. The company matches a portion of these contributions. Contributions charged to income for this plan for 2000, 1999, and 1998 were $14.1 million, $13.8 million, and $12.9 million, respectively.

15. Leases

Capital leases, primarily for machinery and equipment, are included with owned plant and equipment on the balance sheet in the amount of $60.3 million and $63.9 million at the end of fiscal 2000 and 1999, respectively. Related amounts of accumulated depreciation are $27.6 million and $26.6 million, respectively.

Operating leases, including month-to-month agreements, cost the company $89.7 million in 2000, $87.7 million in 1999, and $84.4 million in 1998.

At 30 September 2000, minimum payments due under leases are as follows:

[millions of dollars]	Capital Leases	Operating Leases
2001	$15.1	$ 29.9
2002	13.4	20.8
2003	10.1	15.1
2004	8.1	11.7
2005	17.3	8.9
2006 and thereafter	--	72.4
	$64.0	$158.8

The present value of the above future capital lease payments is included in the liability section of the balance sheet. At the end of fiscal 2000, $11.1 million was classified as current and $39.3 million as long-term.

16. Other Commitments and Contingencies

General partnerships, in which subsidiaries of Air Products have a 50% interest, own facilities in Stockton, California and Cambria County, Pennsylvania that burn coal and coal waste, respectively, and produce electricity and steam. Air Products is also operator of these projects. In the aggregate for both facilities, specific performance guarantees obligate Air Products to pay damages of $3 million annually up to a cumulative total of $22 million under certain circumstances and if the general partnership is unable to service its debt.

Other completed cogeneration projects, in which Air Products, through equity affiliates, beneficially owns 48.8% (Map Ta Phut, Thailand) and 50% (Rotterdam, the Netherlands) burn natural gas to produce electricity and steam. Specific equity support agreements related to the financings of the two projects obligate Air Products to contribute equity up to a cumulative total for the two projects of $15 million under certain circumstances.

Additionally, Air Products and a subsidiary have a 50% interest in a limited partnership that owns a natural gas-fired cogeneration facility in Orlando, Florida. Under agreements with the partnership, Air Products provides financial support relating to the facility's natural gas supply. In the event the partnership's municipal utility district customer (one of the project's two power purchasers) terminates its contract due to a partnership default, Air Products will make available up to $15 million (escalates from February 1992) to compensate the utility district for the higher cost of power procured from other sources over a period of up to five years.

In connection with the financing of the domestic cogeneration projects, Air Products has contracted to provide financial support in the event of a title problem at the plant site.

In addition, the company has guaranteed repayment of borrowings of certain domestic and foreign equity affiliates. At 30 September 2000, these guarantees totaled approximately $49 million.

The company has accrued for certain environmental investigatory and noncapital remediation costs consistent with the policy set forth in Note 1. The potential exposure for such costs is estimated to range from $8 million to a reasonably possible upper exposure of $21 million. The balance sheet at 30 September 2000 includes an accrual of $16.7 million. The company does not expect that any sums it may have to pay in connection with these environmental matters would have a materially adverse effect on its consolidated financial position or results of operations in any one year.

The company in the normal course of business has commitments, lawsuits, contingent liabilities, and claims. However, the company does not expect that any sum it may have to pay in connection with these matters will have a materially adverse effect on its consolidated financial position or results of operations.

At the end of fiscal 2000, the company had purchase commitments to spend approximately $179 million for additional plant and equipment.

17. Acquisitions and Divestitures

Polyvinyl Alcohol

On 29 September 2000, the company completed the sale of its polyvinyl alcohol business (PVOH) to Celanese AG, Kronberg, Germany, for $326 million. Included in the sale were working capital and production facilities at Pasadena, Texas and Calvert City, Kentucky. The facilities produce 200 million pounds of polyvinyl alcohol per year and employ 200 people. Sales in fiscal 2000 were $194.2 million, with essentially no operating income contribution. The income statement for the year ended 30 September 2000 includes a gain of $126.8 million from the sale ($79.1 million after-tax, or $.37 per share).

Korea Industrial Gases Ltd.

Acquisitions in fiscal 2000, totaling $194.8 million, principally included the purchase in December 1999 of the remaining 51.1% of the shares of Korea Industrial Gases Ltd. (KIG). KIG is the largest industrial gas company in Korea. Since 1980, the company has had a joint venture arrangement with KIG. As a result of the purchase of the remaining outstanding shares, KIG is a wholly owned subsidiary of Air Products. KIG is a full-service industrial gas company with a broad product portfolio supplying specialty gases, liquid/bulk, pipeline/on-site, and noncryogenic units to the Korean marketplace. Consolidated sales in fiscal 2000 included $121 million from KIG.

Wacker-Chemie Joint Ventures

On 1 October 1998, Air Products and Chemicals, Inc. and Wacker-Chemie GmbH formed two joint ventures to consolidate their respective positions in polymer emulsions and redispersible powder polymers businesses. The combined annual sales of the ventures were approximately $800 million in fiscal 1999. The ventures extend the company's strategy to continue globalization of the chemicals segment by establishing manufacturing and support facilities in key regions.

The polymer emulsions joint venture, Air Products Polymers, L.P. (APP), is headquartered in the United States and has facilities in Germany, Mexico, Korea, and several locations in the United States. Air Products has a 65% interest in the venture and Wacker-Chemie has a 35% interest. This venture is consolidated into Air Products' financial statements and the Wacker-Chemie interest is accounted for as minority interest. The accounting for this transaction as a business combination resulted in the partial sale of assets, with a gain of $34.9 million ($23.6 million after-tax, or $.11 per share).

The redispersible powders venture, Wacker Polymer Systems (WPS), is headquartered in Germany, with manufacturing facilities in Germany and the United States. Air Products has a 20% interest in this venture and reports the results by the equity accounting method.

Air Products' fiscal 1999 sales were approximately $110 million higher than would have occurred without the ventures. After the Wacker-Chemie minority interest eliminations, net income in the initial year of operation was approximately the same as before the ventures.

American Ref-Fuel Company

In December 1997, the company sold its 50% interest in the American Ref-Fuel Company, its former waste-to-energy joint venture with Browning-Ferris Industries, Inc. (BFI), to a limited liability company formed by Duke Energy Power Services and United American Energy Corporation. This transaction provided for the sale of Air Products' interest in American Ref-Fuel's five waste-to-energy facilities for $237 million, and Duke Energy Capital Corporation, the parent company of Duke Energy Power Services, assumed various parental support agreements. The income statement for the year ended 30 September 1998 includes a gain of $62.6 million from this sale ($35.1 million after-tax, or $.16 per share).

Power Generation Facilities

In fiscal 2000, the company decided to explore possible divestiture of its interest in most of its cogeneration facilities.

18. BOC Transaction

In July 1999, the company, BOC, and L'Air Liquide S.A. (Air Liquide) of France announced that they had agreed to the terms of a recommended offer for the share capital of BOC at UK(pound)14.60 per BOC share (the Offer). The Offer, which was to be made jointly by the company and Air Liquide, was subject to certain preconditions, one of which was the approval of the U.S. Federal Trade Commission (FTC).

During ten months of discussions with the FTC, the company and Air Liquide made a number of comprehensive and practical proposals, including divestitures, which responded to the defined requirements of the FTC. On 10 May 2000, the company and Air Liquide announced that the FTC 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.

Since the BOC transaction did not occur, certain costs and financing fees that had been deferred were required to be expensed. In addition, the company and Air Liquide were obligated to pay BOC a fee of $50 million each since the Offer to acquire BOC was not made.

The company had entered into various purchased currency options and forward exchange contracts to hedge the currency exposure related to the proposed purchase of BOC shares at UK(pound)14.60 per share. Net losses associated with the change in market value of these contracts were recorded in earnings. The company purchased U.K. Pound Sterling put options to cap the rate change exposure of the forward exchange contracts.

The results for the year ended 30 September 2000 included a total charge related to the BOC transaction of $730.4 million ($456.5 million after-tax, or $2.12 per share). Of this amount, $594.6 million ($371.6 million after-tax) of charges were recorded on purchased currency option and forward exchange contracts entered into to hedge the currency exposure of the transaction, resulting in a cumulative charge recorded on the currency hedging instruments of $582.0 million ($363.8 million after-tax). The remaining charge of $135.8 million ($84.9 million after-tax) consisted of the BOC fee paid and transaction expenses.

The results for the year ended 30 September 1999 included a net gain of $7.0 million ($4.4 million after-tax, or $.02 per share) from BOC currency options, net of expenses.

19. Global Cost Reduction Plan

In fiscal 2000, the company recorded a pretax charge of $55.4 million under the global cost reduction plan (2000 Plan). The 2000 Plan included 450 position eliminations in the areas of manufacturing, engineering, distribution, and overheads, resulting in a charge of $47.9 million for severance and termination benefits. A charge of $7.5 million was recognized for asset impairments related to the rationalization of three facilities in Europe. As of 30 September 2000, 163 positions have been eliminated, with completion of the 2000 Plan expected by June 2001. At 30 September 2000, $23.5 million remained in accrued liabilities. The total charge of $55.4 million was reflected in the income statement as follows: cost of sales ($20.6 million); selling and administrative ($25.4 million); research and development ($1.9 million); and other expense ($7.5 million).

In fiscal 1999, the company recorded a pretax charge of $34.2 million under a global cost reduction plan (1999 Plan). The 1999 Plan consisted of the elimination of 348 positions. The charge of $34.2 million was reflected in the income statement as follows: cost of sales ($15.3 million); selling and administrative ($17.8 million); and research and development ($1.1 million). The 1999 Plan was completed in fiscal 2000 essentially as expected.

20. Supplementary Information

Payables, Trade and Other

30 September [millions of dollars]	2000	1999
Accounts payable, trade	$464.5	$441.5
Outstanding checks payable in excess of certain cash balances	48.1	13.8
Customer advances	65.8	50.5
	$578.4	$505.8

Accrued Liabilities

30 September [millions of dollars]	2000	1999
Accrued payroll and employee benefits	$116.5	$ 83.0
Accrued interest expense	77.3	44.9
Other accrued liabilities	163.4	279.1
	$357.2	$407.0

Short-Term Borrowings

30 September [millions of dollars]	2000	1999
Bank obligations	$104.5	$ 41.8
Commercial paper	143.0	363.0
Notes payable--other	2.2	2.8
	$249.7	$407.6

The weighted average interest rate of short-term commercial paper outstanding as of 30 September 2000 and 1999 was 6.8% and 5.3%, respectively.

Other Income, Net

[millions of dollars]	2000	1999	1998
Interest income	$ 4.1	$ 6.4	$ 5.3
Foreign exchange	6.9	(3.0)	(8.3)
Gain (loss) on sale of assets and investments	13.4	(3.7)	18.6
Amortization of intangibles	(17.9)	(18.6)	(16.4)
Miscellaneous	21.9	38.6	16.3
	$ 28.4	$ 19.7	$15.5

Additional Cash Flow Information

Cash paid for interest and taxes is as follows:

[millions of dollars]	2000	1999	1998

Interest (net of amounts capitalized)	$164.7	$156.0	$163.1
Taxes (net of refunds)	92.7	148.3	246.2

Significant noncash transactions are as follows:

[millions of dollars]	2000	1999	1998
Capital lease additions	$ 4.9	$18.5	$ 5.7
Liabilities associated with acquisitions	24.4	7.4	10.0
Exchange of assets	--	19.5	--

Additional Income Statement Information

Fiscal 2000 results were decreased by a net after-tax loss of $408.4 million, or $1.89 per share, for special items. The components of special items on a before- and after-tax basis were: a gain of $126.8 million ($79.1 million after-tax, or $.37 per share) on the sale of the PVOH business; a charge of $730.4 million ($456.5 million after-tax, or $2.12 per share) for costs related to the BOC transaction; a charge of $55.4 million ($35.0 million, or $.16 per share) for a global cost reduction plan; and a gain of $6.3 million ($4.0 million, or $.02 per share) from the sale of packaged gas facilities.

Fiscal 1999 results included several special items which essentially offset at the net income and earnings per share level. The components of special items on a before- and after-tax basis were: a gain of $34.9 million ($23.6 million after-tax, or $.11 per share) on the partial sale of assets related to the formation of Air Products Polymers, L.P. (a 65% majority-owned venture with Wacker-Chemie GmbH); expense of $34.2 million ($21.9 million after-tax, or $.10 per share) related to a global cost reduction plan; expense of $10.3 million ($6.4 million after-tax, or $.03 per share) related to chemicals facility closure costs; and a gain of $7.0 million ($4.4 million after-tax, or $.02 per share) from BOC currency options, net of expenses.

Fiscal 1998 results were increased by net after-tax income of $58.1 million, or $.26 per share, for special items. The components of special items on a before- and after-tax basis were: a gain of $62.6 million ($35.1 million after-tax, or $.16 per share) on the sale of the company's 50% interest in the American Ref-Fuel Company; a gain of $28.3 million ($15.4 million after-tax, or $.07 per share) from a power contract restructuring related to an American Ref-Fuel project; and a gain of $12.6 million ($7.6 million after-tax, or $.03 per share) from a cogeneration project contract settlement.

Summary by Quarter

This table summarizes the unaudited results of operations for each quarter of fiscal 2000 and fiscal 1999:

[millions of dollars, except per share]		First	Second	Third	Fourth
2000					
Sales		$1,264.4	$1,347.2	$1,406.4	$1,449.1
Operating income		196.2	218.9[c][d]	186.4[f]	229.3
Net income (loss)		50.6[a]	47.6[b][c][d]	(192.5)[e][f]	218.5[g]
Basic earnings (loss) per common share		.24	.22	(.90)	1.02
Diluted earnings (loss) per common share		.23[a]	.22[b][c][d]	(.90)[e][f]	1.01[g]
Dividends per common share		.18	.18	.19	.19
Price per common share:	high	33 14/16	37	39 1/16	38 1/8
	low	25 11/16	23	27 9/16	29 1/4
1999					
Sales		$1,274.6	$1,253.3	$1,237.8	$1,254.4
Operating income		189.0[h]	182.7[j]	167.7[k]	185.3
Net income		126.4[h][i]	106.9[j]	94.6[k]	122.6[l][m]
Basic earnings per common share		.60	.51	.45	.58
Diluted earnings per common share		.59[h][i]	.50[j]	.44[k]	.57[l][m]
Dividends per common share		.17	.17	.18	.18
Price per common share:	high	40 15/16	41	49 1/8	43
	low	29 7/8	30 5/8	33 13/16	27 15/16

[a] Includes an after-tax charge of $70.6 million, or $.33 per share, related to the BOC transaction.
[b] Includes an after-tax charge of $84.1 million, or $.39 per share, related to the BOC transaction.
[c] Includes a charge of $8.7 million ($5.5 million after-tax, or $.03 per share) for a global cost reduction plan.
[d] Includes a gain of $6.3 million ($4.0 million after-tax, or $.02 per share) on the sale of packaged gas facilities.
[e] Includes an after-tax charge of $301.8 million, or $1.39 per share, related to the BOC transaction.
[f] Includes a charge of $46.7 million ($29.5 million after-tax, or $.14 per share) for a global cost reduction plan.
[g] Includes an after-tax gain of $79.1 million, or $.37 per share, on the sale of the PVOH business.
[h] Includes a charge of $20.3 million ($12.9 million after-tax, or $.06 per share) for a global cost reduction plan.
[i] Includes an after-tax gain of $21.4 million, or $.10 per share, on the

formation of Air Products Polymers, L.P.

[j] Includes a charge of $10.3 million ($6.4 million after-tax, or $.03 per share) related to chemicals facility closure costs.

[k] Includes a charge of $13.9 million ($9.0 million after-tax, or $.04 per share) for a global cost reduction plan.

[l] Includes an after-tax gain of $2.4 million, or $.01 per share, on the formation of Air Products Polymers, L.P.

[m] Includes an after-tax gain of $4.4 million, or $.02 per share, from BOC currency options, net of expenses.

21. Business Segment and Geographic Information

The company's segments are organized based on differences in products. The company has three operating segments consisting of gases, chemicals, and equipment.

The company's gases segment includes its industrial gases, power generation, and flue gas treatment businesses. The company is a leading international supplier of industrial and specialty gas products. Principal products of the industrial gases business are oxygen, nitrogen, argon, hydrogen, carbon monoxide, synthesis gas, and helium. The largest market segments are chemical processing, refining, metal production, electronics, food processing, and medical gases. The company has its strongest industrial gas market positions in the United States and Europe.

The gases segment also includes the company's power generation and flue gas treatment businesses. The company constructed, operates, and has a 50% interest in power generation facilities in California, Pennsylvania, Florida, Rotterdam, and Thailand.

The company's chemicals segment consists of six principal businesses organized around two divisions: performance chemicals and chemical intermediates. The PVOH business was sold in September 2000.

(2000 Sales by Business Segment and 2000 Sales by Geography graphs go here.)

Principal businesses of performance chemicals are emulsions, specialty additives, polyurethane additives, and epoxy additives. Principal chemical intermediates are amines and polyurethane intermediates. The company also produces certain industrial chemicals. The end markets for the company's chemical products are extensive, including adhesive, textile, paper, building products, agriculture, and furniture. Principal geographic markets for the company's chemical products are North America, Europe, Asia, Brazil, and Mexico.

The equipment segment designs and manufactures cryogenic and gas processing equipment for air separation, gas processing, natural gas liquefaction, and hydrogen purification. The segment also designs and builds systems for recovering gases using membrane technology. Equipment is sold worldwide to companies involved in chemical and petrochemical manufacturing, oil and gas recovery and processing, power generation, and steel and primary metal production. Equipment is also manufactured for the company's industrial gas business. Another important market, particularly for air separation equipment, is the company's international industrial gas joint ventures.

The accounting policies of the segments are the same as those described in Note 1. The company evaluates the performance of segments based upon reported segment operating income. Operating income of the business segments includes general corporate expenses. Corporate expenses not allocated to the segments (primarily long-term research and development and interest expense) are included in the reconciliation of the reportable segments' operating income to the company's consolidated income before income taxes. Intersegment sales are not material and are recorded at selling prices that approximate market prices. Equipment manufactured for the company's industrial gas business is generally transferred at cost and not reflected as an intersegment sale. Corporate assets are primarily cash, corporate facilities, deferred financial expense, and other nonallocated assets. Long-lived assets include investment in net assets of and advances to equity affiliates, net plant and equipment, and goodwill.

Business segment information is shown below:

[millions of dollars]	Gases	Chemicals	Equipment	Segment Totals	All Other	Consolidated Totals
2000						
Revenues from external customers	$3,465.5	$1,772.8	$228.8	$5,467.1	$ --	$5,467.1
Operating income	673.1	182.1	9.9	865.1	(34.3)	830.8
Operating income--excluding special items	698.8	197.7	16.8	913.3	(33.4)	879.9
Depreciation and amortization	455.9	127.8	6.5	590.2	3.4	593.6
Equity affiliates' income	73.6	12.5	2.0	88.1	(.5)	87.6
Gain on sale of polyvinyl alcohol business	--	126.8	--	126.8	--	126.8
Loss on currency hedges related to BOC transaction and expenses	--	--	--	--	(730.4)	(730.4)
Segment assets:						
Identifiable assets	5,823.7	1,453.8	234.1	7,511.6	292.3	7,803.9
Investment in and advances to equity affiliates	412.3	51.4	2.5	466.2	.4	466.6
Total segment assets	6,236.0	1,505.2	236.6	7,977.8	292.7	8,270.5
Expenditures for long-lived assets	711.3	93.6	.5	805.4	44.3	849.7
Operating return on net assets[a]	12.1%	12.3%	7.1%	12.1%	--	11.1%
1999						
Revenues from external customers	$2,996.4	$1,657.4	$366.3	$5,020.1	$ --	$5,020.1
Operating income	521.9	193.7	34.7	750.3	(25.6)	724.7
Operating income--excluding special items	548.9	208.0	37.4	794.3	(25.1)	769.2
Depreciation and amortization	403.1	128.8	9.4	541.3	4.5	545.8
Equity affiliates' income	46.8	12.4	1.6	60.8	.7	61.5
Net gain on formation of polymer venture	--	34.9	--	34.9	--	34.9
Segment assets:						
Identifiable assets	5,438.3	1,626.2	265.0	7,329.5	384.6	7,714.1
Investment in and advances to equity affiliates	459.3	61.3	.8	521.4	--	521.4
Total segment assets	5,897.6	1,687.5	265.8	7,850.9	384.6	8,235.5
Expenditures for long-lived assets	904.8	158.8	14.6	1,078.2	27.4	1,105.6
Operating return on net assets[a]	10.4%	12.9%	13.0%	11.1%	--	10.4%
1998						
Revenues from external customers	$2,950.1	$1,539.2	$429.7	$4,919.0	$ --	$4,919.0
Operating income	565.0	247.2	59.2	871.4	(25.7)	845.7
Operating income--excluding special items	565.0	247.2	59.2	871.4	(25.7)	845.7
Depreciation and amortization	384.8	111.8	7.8	504.4	1.4	505.8
Equity affiliates' income	33.3	.6	1.9	35.8	2.2	38.0
Gain on American Ref-Fuel sale and contract settlements	12.6	--	--	12.6	90.9	103.5
Segment assets:						
Identifiable assets	5,103.5	1,527.3	279.3	6,910.1	217.5	7,127.6
Investment in and advances to equity affiliates	358.6	2.4	.2	361.2	.8	362.0
Total segment assets	5,462.1	1,529.7	279.5	7,271.3	218.3	7,489.6
Expenditures for long-lived assets	630.3	315.8	16.5	962.6	15.6	978.2
Operating return on net assets[a]	11.5%	17.7%	19.5%	13.1%	--	12.3%

A reconciliation of the totals reported for the operating segments to the applicable line items on the consolidated financial statements is as follows:

[millions of dollars]	2000	1999	1998
Operating Income to Consolidated Income Before Income Taxes and Minority Interest			
Total segment operating income	$ 865.1	$ 750.3	$871.4
Corporate research and development	(31.0)	(29.4)	(25.8)
Other corporate income (expense)	(3.3)	3.8	.1
Consolidated operating income	830.8	724.7	845.7
Equity affiliates' income	87.6	61.5	38.0
Gain on sale of polyvinyl alcohol business	126.8	--	--
Gain (loss) on currency hedges related to BOC transaction and expenses	(730.4)	7.0	--
Net gain on formation of polymer venture	--	34.9	--
Gain on American Ref-Fuel sale and contract settlements	--	--	103.5
Interest expense	(196.7)	(159.1)	(162.8)
Consolidated income before income taxes and minority interest	$ 118.1	$ 669.0	$ 824.4
Segment Assets to Total Assets			
Total segment assets	$7,977.8	$7,850.9	$7,271.3
Corporate assets	292.7	384.6	218.3
Total assets	$8,270.5	$8,235.5	$7,489.6

[a] 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 for fiscal 2000 excluded a charge of $55.4 million for a global cost reduction plan and a gain of $6.3 million from the sale of packaged gas facilities. The ORONA calculation for fiscal 1999 excluded expense of $34.2 million related to a global cost reduction plan and expense of $10.3 million related to chemical facility closure costs.

Geographic information is presented below:

[millions of dollars]	2000	1999	1998
Revenues from External Customers			
United States	$3,628.8	$3,226.9	$3,381.5
United Kingdom	483.8	620.4	583.6
Spain	300.7	319.0	322.0
Other Europe	559.8	564.3	387.7
Total Europe	1,344.3	1,503.7	1,293.3
Canada/Latin America	240.6	202.4	216.6
Asia	253.1	86.8	27.3
All Other	.3	.3	.3
Total	$5,467.1	$5,020.1	$4,919.0
Long-lived Assets			
United States	$3,502.2	$3,482.1	$3,160.2
United Kingdom	461.2	513.1	466.4
Spain	339.2	412.2	455.9
Other Europe	723.3	873.4	796.2
Total Europe	1,523.7	1,798.7	1,718.5
Canada/Latin America	325.4	327.0	342.4
Asia	710.2	442.6	243.3
All Other	16.8	14.3	8.6
Total	$6,078.3	$6,064.7	$5,473.0

Note: Geographic information is based on country of origin. Included in United States revenues are export sales to unconsolidated customers of $557.7 million in 2000, $528.4 million in 1999, and $649.6 million in 1998. The other Europe segment operates principally in France, Germany, Netherlands, and Belgium.

Eleven-Year Summary of Selected Financial Data
Air Products and Chemicals, Inc. and Subsidiaries

[millions of dollars, except per share]		2000	1999	1998	1997
Operating Results					
Sales		$5,467	$5,020	$4,919	$4,638
Cost of sales		3,826	3,501	3,317	3,195
Selling and administrative		715	691	660	628
Research and development		124	123	112	114
Operating income		831	725	846	726
Equity affiliates' income[b]		88	62	38	66
Interest expense		197	159	163	161
Income tax provision (benefit)		(14)	203	277	201
Income from continuing operations		124[c]	451[d]	547[e]	429
Net income		124[c]	451[d]	547[e]	429
Basic earnings per common share[j]	Continuing operations	.58	2.12	2.54	1.95
	Net income	.58	2.12	2.54	1.95
Diluted earnings per common share[j]	Continuing operations	.57[c]	2.09[d]	2.48[e]	1.91
	Net income	.57[c]	2.09[d]	2.48[e]	1.91
Year-End Financial Position					
Plant and equipment, at cost		$10,311	$10,188	$9,490	$8,727
Total assets		8,271	8,236	7,490	7,244
Working capital		430	(75)	376	500
Long-term debt		2,616	1,962	2,274	2,292
Shareholders' equity		2,821	2,962	2,667	2,648
Financial Ratios					
Return on sales[k]		2.3%	9.0%	11.1%	9.3%
Return on average shareholders' equity[k]		4.3%	16.1%	20.8%	16.6%
Total debt to sum of total debt and shareholders' equity[l]		51.9%	49.0%	50.3%	48.2%
Cash provided by operations to average total debt[l]		37.5%	39.5%	38.6%	40.9%
Interest coverage ratio		1.5	4.6	5.5	4.4
Other Data					
For the year:	Depreciation	$ 576	$ 527	$ 489	$ 459
	Capital expenditures[n]	973	1,108	1,001	1,222
	Cash dividends per common share[j]	.74	.70	.64	.58
	Market price range per common share[j]	39-23	49-27	45-29	44-29
	Average common shares outstanding (millions)	213	212	216	220
	Average common shares and common stock equivalent shares outstanding (millions)	216	216	220	225
At year end:	Book value per common share[j]	13.17	13.90	12.61	12.05
	Shareholders	11,400	11,900	11,500	11,200
	Employees	17,500	17,400	16,700	16,400

[a] Includes a charge of $120.0 million ($76.1 million after-tax, or $.34 per share) for costs associated with reducing the workforce and for selected asset write-downs.
[b] Includes related expenses and gain on sale of investment in equity affiliates. Excludes the gain on the sale of the American Ref-Fuel Company and contract settlements in 1998.
[c] Includes an after-tax gain of $79.1 million, or $.37 per share, on the sale of the PVOH business and an after-tax charge of $456.5 million, or $2.12 per share, for costs related to the BOC transaction.
[d] Includes an after-tax gain of $23.6 million, or $.11 per share, on the formation of the polymers venture and an after-tax gain of $4.4

million, or $.02 per share, from BOC currency options, net of expenses.

[e] Includes an after-tax gain of $58 million, or $.26 per share, from the sale of American Ref-Fuel and contract settlements.

[f] Includes an after-tax gain of $41 million, or $.18 per share, from a settlement associated with leveraged interest rate swap contracts.

[g] Includes an after-tax charge of $75 million, or $.33 per share, for a loss on certain derivative contracts.

1996	1995	1994	1993	1992	1991	1990
$4,008	$3,865	$3,485	$3,328	$3,217	$2,931	$2,895
2,780	2,678	2,455	2,340	2,233	2,030	2,042
548	508	446	434	428	411	392
114	103	97	92	85	80	72
591	602	486	369[a]	481	435	399
80	51	28	13	16	13	17
129	100	81	81	90	86	83
193	185	92	100	130	113	103
416[f]	368	234[g]	201[a]	277	249	230
416[f]	368	248[h]	201[a]	271[i]	249	230
1.86	1.64	1.03	.88	1.23	1.11	1.04
1.86	1.64	1.09	.88	1.20	1.11	1.04
1.83[f]	1.62	1.01[g]	.87[a]	1.20	1.09	1.02
1.83[f]	1.62	1.07[h]	.87[a]	1.17[i]	1.09	1.02
$8,103	$7,350	$6,520	$5,953	$5,785	$5,332	$5,010
6,522	5,816	5,036	4,761	4,492	4,228	3,900
111	21	101	322	279	117	214
1,739	1,194	923	1,016	956	945	954
2,574	2,398	2,206	2,102	2,098	1,841	1,688
10.4%	9.5%	6.7%	6.0%	8.6%	8.5%	7.9%
16.6%	16.1%	10.9%	9.6%	14.0%	14.1%	14.7%
46.0%	41.2%	36.0%	37.3%	33.9%	38.1%	38.5%
38.5%	48.6%	59.5%	50.3%	52.7%	57.7%	52.7%
5.1	5.5	4.5	4.4	5.4	4.2	4.2
$ 412	$ 382	$ 353	$ 346[m]	$ 340	$ 319	$ 303
1,164	969	655	666	485	657	621
.53	.51	.47	.45	.41	.38	.35
30-24	29-21	25-19	25-18	25-15	18-10	15-11
223	224	227	228	226	224	222
227	228	231	232	231	228	226
11.65	10.74	9.73	9.21	9.25	8.20	7.58
11,700	11,800	11,900	11,800	11,100	10,900	11,100
15,200	14,800	14,100	15,300	14,500	14,600	14,000

[h] Includes an after-tax charge of $75 million, or $.33 per share, for a loss on certain derivative contracts and a net gain of $14 million, or $.06 per share, for the cumulative effect of accounting changes.

[i] Net income for fiscal 1992 includes an extraordinary charge of $6 million, or $.03 per share, for the early retirement of debt.

[j] Data per common share are based on the average number of shares outstanding during each year retroactively restated to reflect a two-for-one stock split in 1998 and 1992, except for book value per common share, which is based on the number of shares outstanding at the end of each year retroactively restated.

[k] Financial ratios were calculated using income from continuing operations.

[l] Total debt includes long-term debt, current portion of long-term debt, and short-term borrowings as of the end of the year.

[m] Depreciation expense in 1993 excludes $56 million associated with asset write-downs.

[n] Capital expenditures include additions to plant and equipment, investment in and advances to equity affiliates, acquisitions, and capital lease additions.

Exhibit 21

Subsidiaries of Air Products and Chemicals, Inc.

The following is a list of the Company's subsidiaries, all of which are wholly owned as of 30 September 2000, except for certain subsidiaries of the Registrant which do not in the aggregate constitute a significant subsidiary as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934.

UNITED STATES

All companies are incorporated in the State of Delaware with the exception of Air Products World Trade, Inc. which is incorporated in the U.S. Virgin Islands.

Registrant -- Air Products and Chemicals, Inc.
Air Products Asia, Inc.
Air Products (Didcot), Inc.
Air Products Helium, Inc.
Air Products Hydrogen Company, Inc.
Air Products, L.P.
Air Products International Corporation
Air Products Manufacturing Corporation
Air Products of Oklahoma, Inc.
Air Products Polymers Holdings, L.P.
Air Products Polymers, L.P.
Air Products Powders, Inc.
Air Products World Trade, Inc.
APCI (U.K.), Inc.
KIG Air Products, LLC
Middletown Oxygen Company, Inc.
Prodair Corporation

BELGIUM

Air Products S.A.
Air Products Management S.A.

BRAZIL

Air Products Gases Industriais Ltda. (The organization of this affiliate more closely resembles a partnership with limited liability than a corporation.)

CANADA

Air Products Canada Ltd.

CHINA

Air Products and Chemicals (China) Investments Co. Ltd.
Air Products (Nanjing) Co., Ltd.
Chun Wang Industrial Gases, Limited
Eastern Air Products (Shanghai) Co. Ltd.
Northern Air Products (Tianjin) Co., Ltd.
Southern Air Products (Guangzhou) Ltd.

FRANCE

Air Products Industrie
Air Products (Medical) S.a.r.l.
Air Products S.A.
Prodair et Cie S.C.S.
Prodair S.A.

GERMANY

Air Products GmbH
Air Products Polymers GmbH & Co KG
Air Products Powders GmbH

IRELAND

Air Products Ireland Limited

JAPAN

Air Products Japan, Inc.

KOREA

Air Products Korea, Inc.
Korea Industrial Gases, Limited

MALAYSIA

Sitt Tatt Industrial Gases Sdn. Bhd.

THE NETHERLANDS

Air Products Holdings B.V. (formerly Air Products Nederland B.V.)
Air Products Leasing B.V.
Air Products (Pernis) B.V.
Air Products (Rozenburg), Inc.

NORWAY

Air Products A/S

SPAIN

Air Products Iberica, S.L.
Gases Industriais, S.A.
S.E. de Carburos Metalicos S.A.

SINGAPORE

Air Products Singapore Pte. Ltd.

UNITED KINGDOM

Air Products PLC
Air Products Group Limited
Air Products (BR) Limited
Air Products (Chemicals) PLC
Air Products (Chemicals) Teeside Limited

Exhibit 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints JOHN P. JONES III or LEO J. DALEY or W. DOUGLAS BROWN, 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 the Form 10-K Annual Report for the fiscal year ended September 30, 2000 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 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 1934, this Power of Attorney has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mario L. Baeza Mario L. Baeza	Director	November 16, 2000
/s/ Tom H. Barrett Tom H. Barrett	Director	November 16, 2000
/s/ L. Paul Bremer III L. Paul Bremer III	Director	November 16, 2000
/s/ Robert Cizik Robert Cizik	Director	November 16, 2000
/s/ Ursula F. Fairbairn Ursula F. Fairbairn	Director	November 16, 2000
/s/ Edward E. Hagenlocker Edward E. Hagenlocker	Director	November 16, 2000
/s/ James F. Hardymon James F. Hardymon	Director	November 16, 2000
/s/ John P. Jones III John P. Jones III	Director	November 16, 2000
/s/ Joseph J. Kaminski Joseph J. Kaminski	Director	November 16, 2000
/s/ Terry R. Lautenbach Terry R. Lautenbach	Director	November 16, 2000
/s/ Ruud F. M. Lubbers Ruud F. M. Lubbers	Director	November 16, 2000
/s/ Charles H. Noski Charles H. Noski	Director	November 16, 2000
/s/ Lawrason D. Thomas Lawrason D. Thomas	Director	November 16, 2000

/s/ Harold A. Wagner ----------------------------------- Harold A. Wagner	Director	November 16, 2000

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This Schedule contains summary financial information
extracted from the consolidated balance sheet and the
consolidated statement of income filed as part of
Form 10-K and is qualified in its entirety by reference
to such Form 10-K

1,000,000
U S Dollar

YEAR
SEP-30-2000
OCT-01-1999
SEP-30-2000
1
94
0
996
13
389
1805
10311
5054
8271
1375
2616
0
0
249
2572
8271
5467
5467
3826
3826
124
8
197
118
(13)
124
0
0
0
124
0.58
0.57