

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) of the
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported) 23 April 1996

Air Products and Chemicals, Inc.

(Exact name of registrant as specified in charter)

Delaware

1-4534

23-1274455

(State of other jurisdiction
of incorporation)

(Commission file number)

(IRS Identification
number)

7201 Hamilton Boulevard, Allentown, Pennsylvania

(Address of principal executive offices)

18195-1501

(Zip Code)

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

Item 5. Other Events.

The Registrant reported record income from operations of \$94 million, or 85 cents per share, for the second quarter ended March 31, 1996. This compares to last year's net income of \$88 million, or 79 cents per share, a per-share increase of 8 percent. Sales of \$1 billion were up 3 percent versus \$983 million last year. These results exclude an after-tax gain in the current quarter of \$41 million, or 36 cents per share, from the settlement of certain derivative-related claims.

Industrial gas sales for the quarter rose 8 percent. Both merchant and tonnage volumes increased as new capacity came onstream. While operating income was down 9 percent, the company's gas equity affiliate income was \$8 million higher in the quarter. Strong results from the company's Spanish, Mexican, and Asian joint ventures were offset by margin pressures in the U.S. and northern Europe.

In chemicals, second quarter operating income equaled last year's record results on a 3 percent decline in sales. Despite some weakness in volumes, improved performance across all the major businesses offset the loss of profits from exiting merchant ammonia and a significant decline in methanol pricing.

Profits for the environmental and energy systems business were up slightly from a year ago. The company announced earlier this month its intent to sell its 50 percent share in American Ref-Fuel. This waste-to-energy joint venture with Browning-Ferris Industries typically represents a large portion of equity affiliate income for this business segment.

The equipment and services segment reported significantly higher operating income and a record backlog for the quarter despite lower sales.

For the first half of fiscal 1996, Air Products reported income of \$183 million, or \$1.65 per share, versus \$175 million, or \$1.56 per share, up 6 percent on an operating basis. Sales rose 3 percent to \$2 billion. These results exclude the 1996 gain from the settlement for certain derivative losses reported in fiscal year 1994.

Financial tables follow:

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

(In millions, except earnings per share)

	Three Months Ended		Six Months Ended	
	31 March		31 March	
	1996	1995	1996	1995
Sales	\$1,013	\$983	\$1,960	\$1,904
Net Income	\$ 135(a)	\$ 88	\$ 224(a)	\$ 175
Earnings Per Share	\$ 1.21(a)	\$.79	\$ 2.01(a)	\$ 1.56

(a) Includes an after-tax gain of \$41 million, or \$.36 per share, from the settlement with Bankers Trust Company over losses reported in fiscal 1994 associated with leveraged interest rate swap contracts.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

CONSOLIDATED INCOME

(In millions, except per share)

	Three Months Ended 31 March		Six Months Ended 31 March	
	1996	1995	1996	1995
SALES AND OTHER INCOME				
Sales	\$1,013	\$983	\$1,960	\$1,904
Other income (expense), net	4	1	8	--
	1,017	984	1,968	1,904
COSTS AND EXPENSES				
Cost of sales	609	591	1,169	1,135
Selling, distribution and administrative	231	215	451	421
Research and development	29	26	56	50
	148	152	292	298
OPERATING INCOME				
Income from equity affiliates, net of related expenses	18	8	34	17
Gain on settlement of leveraged interest rate swaps	67	--	67	--
Interest expense	31	26	60	50
	202	134	333	265
INCOME BEFORE TAXES				
Income taxes	67	46	109	90
	\$ 135	\$ 88	\$ 224	\$ 175
NET INCOME				
MONTHLY AVERAGE OF COMMON SHARES OUTSTANDING				
	--	--	112	112
EARNINGS PER COMMON SHARE				
	\$ 1.21	\$.79	\$ 2.01	\$ 1.56
DIVIDENDS DECLARED PER COMMON SHARE - Cash				
	\$.26	\$.25	\$.52	\$.49

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In millions, except per share)

ASSETS	31 March 1996	31 March 1995
CURRENT ASSETS		
Cash and cash items	\$ 82	\$ 94
Trade receivables, less allowances for doubtful accounts	649	626
Inventories	383	304
Contracts in progress, less progress billings	114	108
Other current assets	144	127
TOTAL CURRENT ASSETS	1,372	1,259
INVESTMENTS		
PLANT AND EQUIPMENT, at cost	7,691	7,014
Less - Accumulated depreciation	3,982	3,755
PLANT AND EQUIPMENT, net	3,709	3,259
GOODWILL	80	67
OTHER NONCURRENT ASSETS	268	187
TOTAL ASSETS	\$6,224	\$5,413
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 491	\$ 503
Accrued liabilities	235	241
Accrued income taxes	94	53
Short-term borrowings	423	211
Current portion of long-term debt	25	146
TOTAL CURRENT LIABILITIES	1,268	1,154
LONG-TERM DEBT	1,495	1,103
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	398	433
DEFERRED INCOME TAXES	510	442
TOTAL LIABILITIES	3,671	3,132
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	125	125
Capital in excess of par value	463	471
Retained earnings	2,556	2,255
Unrealized gain on investments	41	40
Cumulative translation adjustments	(48)	(19)
Treasury Stock, at cost	(126)	(133)
Shares in trust	(458)	(458)
TOTAL SHAREHOLDERS' EQUITY	2,553	2,281
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$6,224	\$5,413

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During the second quarter of 1996, the Company reached a \$67 million settlement with Bankers Trust Company over \$107 million in losses the Company reported in fiscal 1994 associated with leveraged interest rate swap contracts. The settlement included the termination of two previously closed contracts with Bankers Trust. Prior to the settlement there was an outstanding liability of \$62 million associated with these closed contracts. The results for the three and six months ended 31 March 1996 include a gain of \$67 million (\$41 million after tax, or \$.36 per share) from the settlement.

In April 1996, the Company announced its plan to divest its joint venture interest in a waste-to-energy business and commence a share repurchase program designed to acquire approximately 10 percent of its 112 million shares outstanding for financial reporting purposes.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY BUSINESS SEGMENTS

(In millions)

	Three Months Ended		Six Months Ended	
	31 March		31 March	
	1996	1995	1996	1995
Sales:				
Industrial Gases	\$ 591	\$546	\$1,142	\$1,071
Chemicals	340	351	650	675
Environmental/Energy	16	17	30	31
Equipment/Services	66	69	138	127
CONSOLIDATED	\$1,013	\$983	\$1,960	\$1,904
Operating Income:				
Industrial Gases	\$ 100	\$110	\$ 203	\$ 219
Chemicals	53	53	102	102
Environmental/Energy	--	--	(1)	--
Equipment/Services	5	(3)	9	(4)
Corporate and Other	(10)	(8)	(21)	(19)
CONSOLIDATED	\$ 148	\$152	\$ 292	\$ 298
Equity Affiliates' Income:				
Industrial Gases	\$ 10	\$ 2	\$ 19	\$ 4
Chemicals	--	--	--	--
Environmental/Energy	8	6	15	13
CONSOLIDATED	\$ 18	\$ 8	\$ 34	\$ 17

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY GEOGRAPHIC REGIONS

(In millions)

	Three Months Ended		Six Months Ended	
	31 March		31 March	
	1996	1995	1996	1995
Sales:				
United States	\$ 763	\$739	\$1,462	\$1,428
Europe	215	211	427	410
Canada/Latin America	34	33	69	65
Other	1	--	2	1
CONSOLIDATED	\$1,013	\$983	\$1,960	\$1,904
Operating Income:				
United States	\$ 119	\$119	\$ 228	\$ 236
Europe	25	26	59	52
Canada/Latin America	4	7	5	10
Other	--	--	--	--
CONSOLIDATED	\$ 148	\$152	\$ 292	\$ 298
Equity Affiliates' Income:				
United States	\$ 8	\$ 6	\$ 14	\$ 12
Europe	5	2	11	5
Canada/Latin America	3	(1)	4	(2)
Other	2	1	5	2
CONSOLIDATED	\$ 18	\$ 8	\$ 34	\$ 17

SIGNATURES

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

Air Products and Chemicals, Inc.
(Registrant)

Dated: 23 April 1996

By: /s/ Arnold H. Kaplan

Arnold H. Kaplan
Vice President - Finance