

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) 22 April 1997

Air Products and Chemicals, Inc.

(Exact name of registrant as specified in charter)

Delaware

1-4534

23-1274455

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

7201 Hamilton Boulevard, Allentown, Pennsylvania

18195-1501

(Address of principal executive offices)

(Zip Code)

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

Item 5. Other Events.

The Registrant reported record sales and income from operations for the second quarter ended March 31, 1997. Earnings per share increased 13 percent, on income from operations of \$106 million, or 96 cents per share, versus \$94 million, or 85 cents per share in the year ago quarter. Sales of \$1.2 billion were up 14 percent from last year. These results include the operations of Carbueros Metalicos on a fully consolidated basis for the entire quarter, but exclude an after-tax gain in the prior year quarter of \$41 million, or 36 cents per share, from the settlement of certain derivative-related claims.

Industrial gas sales for the quarter rose 13 percent and operating income increased 26 percent, including Carbueros Metalicos. The tonnage gas business posted solid volume gains in both the U.S. and Europe, principally from increased loading on our hydrogen facilities for the chemical and refinery industries. Productivity improvements in the U.S. more than offset continued economic softness in northern Europe. Gas equity affiliate results, excluding Carbueros Metalicos, were slightly higher than last year.

In chemicals, second quarter operating income was slightly higher than last year's results on a 5 percent increase in sales. Modest volume gains across most businesses offset a slight decline in operating margin.

The equipment and services segment reported significantly higher sales and operating income for the period. These results reflected a high level of activity, and the business ended the quarter with a near-record backlog of high quality projects.

The corporate and other segment included a one-time gain on the sale of an equity investment. This gain was offset by costs associated with refinancing the debt of an equity affiliate, and unfavorable foreign exchange.

The quarter's results also reflected higher interest expense for new capital investments brought onstream and the Carbueros Metalicos acquisition.

For the first half of fiscal 1997, Air Products reported income of \$206 million, or \$1.87 per share, versus \$183 million, or \$1.65 per share, up 13 percent on an operating basis. Sales rose 16 percent to \$2.3 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	
	1997	1996	1997	1996
Sales	\$1,153.1	\$1,012.5	\$ 2,274.0	\$ 1,960.0
Net Income	\$ 106.0	\$ 135.3(a)	\$ 205.9(b)	\$ 224.3(a)
Earnings Per Share	\$.96	\$ 1.21(a)	\$ 1.87(b)	\$ 2.01(a)

(a)Included 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.

(b)Included an after-tax gain of \$5.9 million, or \$.05 per share from the sale of the landfill gas business and an after-tax impairment loss of \$6.0 million, or \$.05 per share.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

CONSOLIDATED INCOME

(In millions, except per share)

	Three Months Ended 31 March		Six Months Ended 31 March	
	1997	1996	1997	1996
SALES AND OTHER INCOME				
Sales	\$1,153.1	\$1,012.5	\$2,274.0	\$1,960.0
Other income	10.4	4.1	19.8	7.9
	1,163.5	1,016.6	2,293.8	1,967.9
COSTS AND EXPENSES				
Cost of sales	686.3	609.7	1,379.0	1,169.1
Selling, distribution and administrative	264.7	230.8	506.2	450.9
Research and development	28.5	28.1	55.2	55.7
	184.0	148.0	353.4	292.2
OPERATING INCOME				
Income from equity affiliates, net of related expenses	13.5	18.0	32.2	33.8
Gain on settlement of leveraged interest rate swaps	--	66.8	--	66.8
Interest expense	42.5	31.2	82.4	59.9
	155.0	201.6	303.2	332.9
INCOME BEFORE TAXES				
Income taxes	49.0	66.3	97.3	108.6
	\$ 106.0	\$ 135.3	\$ 205.9	\$ 224.3
MONTHLY AVERAGE OF COMMON SHARES OUTSTANDING				
	--	--	110.2	111.8
EARNINGS PER COMMON SHARE				
	\$.96	\$ 1.21	\$ 1.87	\$ 2.01
DIVIDENDS DECLARED PER COMMON SHARE - Cash				
	\$.28	\$.26	\$.55	\$.52

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

(In millions, except per share)

ASSETS	31 March 1997	31 March 1996
CURRENT ASSETS		
Cash and cash items	\$ 111.8	\$ 82.2
Trade receivables, less allowances for doubtful accounts	814.0	649.1
Inventories	398.0	383.2
Contracts in progress, less progress billings	167.5	114.1
Other current assets	173.1	143.7
TOTAL CURRENT ASSETS	1,664.4	1,372.3
INVESTMENTS		
PLANT AND EQUIPMENT, at cost	8,537.3	7,691.4
Less - Accumulated depreciation	4,167.8	3,982.5
PLANT AND EQUIPMENT, net	4,369.5	3,708.9
GOODWILL	265.8	80.3
OTHER NONCURRENT ASSETS	317.9	268.0
TOTAL ASSETS	\$7,214.4	\$6,224.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 607.4	\$ 491.0
Accrued liabilities	275.4	234.6
Accrued income taxes	50.7	94.4
Short-term borrowings	395.5	423.2
Current portion of long-term debt	57.3	25.0
TOTAL CURRENT LIABILITIES	1,386.3	1,268.2
LONG-TERM DEBT		
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	403.7	397.7
DEFERRED INCOME TAXES	655.2	510.4
TOTAL LIABILITIES	4,656.8	3,671.3
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	124.7	124.7
Capital in excess of par value	454.6	463.4
Retained earnings	2,832.5	2,556.2
Unrealized gain on investments	15.6	40.5
Cumulative translation adjustments	(142.3)	(47.8)
Treasury Stock, at cost	(275.4)	(126.4)
Shares in trust	(452.1)	(457.5)
TOTAL SHAREHOLDERS' EQUITY	2,557.6	2,553.1
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$7,214.4	\$6,224.4

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The company completed the sale of the landfill gas recovery business, GSF Energy Inc., during the three months ended 31 December 1996. The gain on sale was included in the other income line of the income statement.

During the three months ended 31 December 1996, an impairment loss was recorded in the chemicals segment. The write-down was related to production assets in the performance chemicals division and the related goodwill. The impairment loss was calculated based on an offer to purchase these assets and was included in the other income line of the income statement. The sale of the impaired assets occurred in February 1997.

On 22 October 1996, the company obtained control of Carbueros Metalicos S.A. (Carbueros). Carbueros is a leading supplier of industrial gases in Spain. The company now owns 96.7% of the outstanding shares in Carbueros. This transaction was accounted for as a step acquisition purchase and the results for the six months ended 31 March 1997 include the consolidated operating results for Carbueros since mid-November 1996. Previously, the company accounted for its investment using the equity method. The company has recorded a total of \$212.2 million as cumulative goodwill, which will be amortized on a straight-line basis over forty years.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY BUSINESS SEGMENTS

(In millions)

	Three Months Ended		Six Months Ended	
	31 March		31 March	
	1997	1996	1997	1996
Sales:				
Industrial Gases	\$ 671.0	\$ 591.5	\$1,285.5	\$1,142.4
Chemicals	358.5	340.0	704.7	649.7
Equipment/Services	123.6	76.3	282.6	158.2
Corporate/Other	--	4.7	1.2	9.7
CONSOLIDATED	\$1,153.1	\$1,012.5	\$2,274.0	\$1,960.0
Operating Income:				
Industrial Gases	\$ 125.5	\$ 99.6	\$ 243.8	\$ 203.3
Chemicals	53.4	52.7	97.9	100.8
Equipment/Services	10.5	7.0	16.1	11.6
Corporate/Other	(5.4)(a)	(11.3)	(4.4)(a)	(23.5)
CONSOLIDATED	\$ 184.0	\$ 148.0	\$ 353.4	\$ 292.2
Equity Affiliates' Income:				
Industrial Gases	\$ 8.5	\$ 9.9	\$ 20.5	\$ 19.1
Chemicals	0.1	0.1	0.2	(0.1)
Equipment/Services	3.5	2.3	7.0	4.3
Corporate/Other	1.4 (b)	5.7	4.5 (b)	10.5
CONSOLIDATED	\$ 13.5	\$ 18.0	\$ 32.2	\$ 33.8

The segment results for 1996 have been restated. The business to be divested (American Ref-Fuel) and the landfill gas business sold in November are included in the Corporate/Other segment, while the continuing businesses from the Environmental/Energy segment (power generation and Pure Air(TM)), are now included in the Equipment/Services segment.

(a) In January 1997, the company sold 2.1 million shares of a cost basis investment. The partial sale of the company's investment resulted in a gain of \$7.3 million (\$4.5 million after-tax or, \$.04 per share) and was recorded in the Corporate/Other segment.

(b) During the three months ended 31 March 1997, American Ref-Fuel (50% owned partnership) refinanced its Hempstead Bond offerings to lower the effective interest rate. This transaction resulted in a charge to the Corporate/Other segment of \$4.8 million (\$2.8 million after-tax, or \$.03 per share).

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY GEOGRAPHIC REGIONS

(In millions)

	Three Months Ended		Six Months Ended	
	31 March		31 March	
	1997	1996	1997	1996
Sales:				
United States	\$ 806.4	\$ 762.8	\$1,598.5	\$1,462.5
Europe	305.2	214.7	590.9	426.6
Canada/Latin America	38.6	33.8	78.2	68.7
Other	2.9	1.2	6.4	2.2
CONSOLIDATED	\$1,153.1	\$1,012.5	\$2,274.0	\$1,960.0
Operating Income:				
United States	\$ 140.4	\$ 119.1	\$ 284.6	\$ 228.1
Europe	39.5	25.0	59.6	58.7
Canada/Latin America	4.2	3.8	9.6	5.3
Other	(0.1)	0.1	(0.4)	0.1
CONSOLIDATED	\$ 184.0	\$ 148.0	\$ 353.4	\$ 292.2
Equity Affiliates' Income:				
United States	\$ 4.8	\$ 7.4	\$ 11.0	\$ 13.7
Europe	1.9	5.2	9.0	10.9
Canada/Latin America	2.7	2.6	5.4	3.9
Other	4.1	2.8	6.8	5.3
CONSOLIDATED	\$ 13.5	\$ 18.0	\$ 32.2	\$ 33.8

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: 22 April 1997

By: /s/ Arnold H. Kaplan

Arnold H. Kaplan
Vice President - Finance