

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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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) 24 January 1996

Air Products and Chemicals, Inc.

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(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

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(Address of principal executive offices)

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(Zip Code)

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

## Item 5. Other Events.

On January 24, 1996, the Registrant announced it has reached a \$67 million settlement with Bankers Trust Company over \$107 million in losses Air Products reported in fiscal 1994 associated with leveraged interest rate swap contracts it entered into between October and December 1993. The settlement includes the termination of two previously closed contracts with Bankers Trust. Under a confidentiality agreement between the two parties, other terms and conditions of the settlement were not made public.

The settlement will result in a gain of approximately \$40 million after taxes and will be reflected in the company's second fiscal quarter ending March 31, 1996.

The Registrant reported net income of \$89 million, or 80 cents per share, for the first quarter ended December 31, 1995, compared to last year's \$87 million, or 77 cents per share, a per-share increase of 4 percent. Sales of \$947 million were up 3 percent versus \$921 million last year.

Commenting on the first quarter's results, Air Products Chairman H. A. Wagner said, "Our first quarter proved to be a difficult one. We are pleased that our chemicals business could replace the ammonia profits made last year prior to exiting the merchant market. In addition, our equipment business returned to profitability, capitalizing upon the active sales efforts undertaken over the past few years. Slower volume growth and higher costs in our U. S. gases business, however, impacted overall results."

Industrial gas sales for the quarter increased 5 percent, while operating income was down 5 percent. Worldwide merchant and tonnage volumes were up from a year ago, despite unexpected U.S. tonnage customer outages. However, the rate of growth has slowed from previous quarters. Merchant prices in the U.S. continued to improve. Operating costs--while lower than the previous quarter--were still higher than last year. Prices across Europe were mixed, but have improved in the United Kingdom during the last three quarters. Strong performance from our joint ventures in southern Europe and

Asia contributed to the quarter's results. The prior year results also included a loss related to the peso devaluation in our Mexican investment.

In chemicals, first quarter sales decreased 4 percent, and operating income equaled last year's results. Margin improvements across the businesses offset the loss of profits from exiting merchant ammonia in last year's second quarter and a decline in methanol pricing.

Profits for the environmental and energy systems business were down slightly from a year ago.

The equipment and services segment reported significantly higher sales and operating income for the quarter due to increased business activity, including additional liquefied natural gas heat exchanger orders.

Looking ahead, Mr. Wagner said, "We are currently enjoying a firm pricing environment in both gases and chemicals, but given the outlook for moderating economic growth rates in 1996, we remain cautious in the near term. We are confident, however, we will continue to deliver earnings growth, although at rates below recent trends."

Financial tables follow:

## AIR PRODUCTS AND CHEMICALS, INC.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION  
(Unaudited)

(In millions, except earnings per share)

	Three Months Ended	
	31 December	
	1995	1994
Sales	\$947	\$921
Net Income	\$ 89	\$ 87
Earnings Per Share	\$.80	\$.77

## AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

## CONSOLIDATED INCOME

(In millions, except per share)

	Three Months Ended	
	31 December	
	1995	1994
-----		
SALES AND OTHER INCOME		
Sales	\$947	\$921
Other income (expense), net	4	(1)
	951	920
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COSTS AND EXPENSES		
Cost of sales	560	544
Selling, distribution and administrative	220	206
Research and development	27	24
OPERATING INCOME	144	146
Income from equity affiliates, net of related expenses	16	9
Interest expense	29	24
INCOME BEFORE TAXES	131	131
Income taxes	42	44
NET INCOME	\$ 89	\$ 87
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MONTHLY AVERAGE OF COMMON SHARES OUTSTANDING	112	113
EARNINGS PER COMMON SHARE	\$.80	\$.77
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DIVIDENDS DECLARED PER COMMON SHARE - Cash	\$.26	\$.24
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## AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

## CONSOLIDATED BALANCE SHEETS

(In millions, except per share)

ASSETS	31 December 1995	31 December 1994
<b>CURRENT ASSETS</b>		
Cash and cash items	\$ 95	\$ 104
Trade receivables, less allowances for doubtful accounts	628	578
Inventories	371	305
Contracts in progress, less progress billings	111	99
Other current assets	151	127
<b>TOTAL CURRENT ASSETS</b>	<b>1,356</b>	<b>1,213</b>
<b>INVESTMENTS</b>		
PLANT AND EQUIPMENT, at cost	7,501	6,681
Less - Accumulated depreciation	3,926	3,606
<b>PLANT AND EQUIPMENT, net</b>	<b>3,575</b>	<b>3,075</b>
<b>GOODWILL</b>	<b>80</b>	<b>66</b>
<b>OTHER NONCURRENT ASSETS</b>	<b>240</b>	<b>176</b>
<b>TOTAL ASSETS</b>	<b>\$ 6,034</b>	<b>\$ 5,186</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Payables, trade and other	\$ 487	\$ 468
Accrued liabilities	223	216
Accrued income taxes	68	60
Short-term borrowings	387	268
Current portion of long-term debt	168	145
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,333</b>	<b>1,157</b>
<b>LONG-TERM DEBT</b>	<b>1,314</b>	<b>998</b>
<b>DEFERRED INCOME &amp; OTHER NONCURRENT LIABILITIES</b>	<b>436</b>	<b>408</b>
<b>DEFERRED INCOME TAXES</b>	<b>506</b>	<b>436</b>
<b>TOTAL LIABILITIES</b>	<b>3,589</b>	<b>2,999</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, par value \$1 per share	125	125
Capital in excess of par value	465	475
Retained earnings	2,450	2,194
Unrealized gain on investments	46	41
Cumulative translation adjustments	(50)	(50)
Treasury Stock, at cost	(133)	(140)
Shares in trust	(458)	(458)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,445</b>	<b>2,187</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 6,034</b>	<b>\$ 5,186</b>

## AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

## SUMMARY BY BUSINESS SEGMENTS

(In millions)

	Three Months Ended	
	1995	1994
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		31 December
		-----
Sales:		
Industrial Gases	\$ 551	\$525
Chemicals	310	324
Environmental/Energy	14	14
Equipment/Services	72	58
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CONSOLIDATED	\$ 947	\$921
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Operating Income:		
Industrial Gases	\$ 103	\$109
Chemicals	49	49
Environmental/Energy	(1)	--
Equipment/Services	4	(1)
Corporate and Other	(11)	(11)
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CONSOLIDATED	\$ 144	\$146
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Equity Affiliates' Income:		
Industrial Gases	\$ 9	\$ 2
Environmental/Energy	7	7
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CONSOLIDATED	\$ 16	\$ 9
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## AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

## SUMMARY BY GEOGRAPHIC REGIONS

(In millions)

	Three Months Ended	
	1995	1994
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	31 December	
	1995	1994
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Sales:		
United States	\$699	\$689
Europe	212	199
Canada/Latin America	35	32
Other	1	1
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CONSOLIDATED	\$947	\$921
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Operating Income:		
United States	\$109	\$117
Europe	34	26
Canada/Latin America	1	3
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CONSOLIDATED	\$144	\$146
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Equity Affiliates' Income:		
United States	\$ 6	\$ 6
Europe	6	3
Canada/Latin America	1	(1)
Other	3	1
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CONSOLIDATED	\$ 16	\$ 9
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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.

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(Registrant)

Dated: January 24, 1996

By: /s/ Arnold H. Kaplan

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Arnold H. Kaplan

Vice President - Finance