

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 1934Date of Report (Date of earliest event reported) 24 January 1997Air Products and Chemicals, Inc.

(Exact name of registrant as specified in charter)

Delaware

(State of other jurisdiction of incorporation)

1-4534

(Commission file number)

23-1274455

(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 net income of \$100 million, or 91 cents per share, for the first quarter ended December 31, 1996. This compares to \$89 million, or 80 cents per share in the year ago quarter, a per-share increase of 14 percent. Sales of \$1.1 billion were up 18 percent versus \$947 million last year. Results for the quarter included a 5 cent per share gain from the sale of the company's landfill gas business and a 5 cent per share loss related to the anticipated sale of a small product line in performance chemicals. The acquisition of Carbueros Metalicos, a major Spanish industrial gas company, was also completed in the quarter.

Industrial gas sales for the quarter increased 12 percent, while operating income rose 14 percent. Performance from industrial gas operations in the U. S. reflected higher plant loading, more efficient production and distribution, and tighter controls on related overhead costs. Excluding the consolidation of Carbueros Metalicos, European results were lower due to a planned tonnage hydrogen customer outage and general economic softness. Results for gas equity affiliates were above last year.

In chemicals, first quarter sales increased 12 percent. Excluding the writedown of a small product line, operating income rose 12 percent, driven by volume gains across all major businesses.

The Equipment and Services segment, which now includes power generation and air pollution control results on a comparable basis, recorded significantly higher sales and a modest increase in operating income for the quarter due to increased commercial activity. The business carries a record backlog of high-quality projects forward.

The Corporate/Other segment included a gain on the sale of the landfill gas business, and also benefited from favorable foreign exchange.

The quarter's results were also impacted by higher interest expense related to debt for the acquisition of Carbueros Metalicos, new capital investments brought onstream, and the share repurchase program.

The company also announced that while progress is being made, its planned divestiture of American Ref-Fuel would take longer than anticipated given the venture's partnership structure and project complexities. The objective remains to exit the business while obtaining its full value. On a related note, the company has completed \$175 million in share repurchases against the program announced concurrently last April. The remainder of the program will be paced by the disposition of American Ref-Fuel and ongoing capital investment requirements.

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	
	1996	1995
	-----	-----
Sales	\$ 1,120.9	\$ 947.5
Net Income	\$ 99.9(a)	\$ 89.0
Earnings Per Share	\$.91(a)	\$.80
	-----	-----

(a) Includes 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 December	
	1996	1995
	-----	-----
SALES AND OTHER INCOME		
Sales	\$ 1,120.9	\$ 947.5
Other income, net	9.4	3.8
	-----	-----
	1,130.3	951.3
	-----	-----
COSTS AND EXPENSES		
Cost of sales	692.7	559.4
Selling, distribution and administrative	241.5	220.1
Research and development	26.7	27.6
	-----	-----
OPERATING INCOME		
Income from equity affiliates, net of related expenses	18.7	15.8
Interest expense	39.9	28.7
	-----	-----
INCOME BEFORE TAXES		
Income taxes	148.2	131.3
	48.3	42.3
	-----	-----
NET INCOME		
	\$ 99.9	\$ 89.0
	-----	-----
MONTHLY AVERAGE OF COMMON SHARES OUTSTANDING		
	110.3	111.8
	-----	-----
EARNINGS PER COMMON SHARE		
	\$.91	\$.80
	-----	-----
DIVIDENDS DECLARED PER COMMON SHARE - Cash		
	\$.28	\$.26
	-----	-----

CONSOLIDATED BALANCE SHEETS

(In millions, except per share)

ASSETS	31 December 1996 -----	31 December 1995 -----
CURRENT ASSETS		
Cash and cash items	\$ 160.7	\$ 95.0
Trade receivables, less allowances for doubtful accounts	817.1	628.0
Inventories	405.4	370.6
Contracts in progress, less progress billings	152.0	111.5
Other current assets	185.0	151.3
	-----	-----
TOTAL CURRENT ASSETS	1,720.2	1,356.4
	-----	-----
INVESTMENTS		
PLANT AND EQUIPMENT, at cost	624.6	782.6
Less - Accumulated depreciation	8,577.7	7,501.1
	4,186.4	3,926.0
	-----	-----
PLANT AND EQUIPMENT, net	4,391.3	3,575.1
	-----	-----
GOODWILL	285.8	80.5
OTHER NONCURRENT ASSETS	294.7	239.8
	-----	-----
TOTAL ASSETS	\$7,316.6	\$6,034.4
	=====	=====
 LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 637.8	\$ 487.4
Accrued liabilities	246.4	223.1
Accrued income taxes	64.5	68.2
Short-term borrowings	566.3	386.7
Current portion of long-term debt	73.7	167.4
	-----	-----
TOTAL CURRENT LIABILITIES	1,588.7	1,332.8
	-----	-----
LONG-TERM DEBT	2,101.9	1,314.4
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	404.2	436.4
DEFERRED INCOME TAXES	643.0	506.2
	-----	-----
TOTAL LIABILITIES	4,737.8	3,589.8
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	124.7	124.7
Capital in excess of par value	457.5	465.0
Retained earnings	2,756.9	2,450.1
Unrealized gain on investments	29.8	46.2
Cumulative translation adjustments	(69.8)	(50.3)
Treasury Stock, at cost	(262.8)	(133.6)
Shares in trust	(457.5)	(457.5)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	2,578.8	2,444.6
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$7,316.6	\$6,034.4
	=====	=====

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. A gain of \$9.5 million (\$5.9 million after tax, or \$.05 per share) was recorded. Sales of the landfill gas business were \$20.3 million in fiscal year 1996 with an operating loss of \$3.0 million and net income of \$4.0 million, including the net income benefit from nonconventional fuel tax credits. The gain on sale is included in the other income line of the income statement.

During the three months ended 31 December 1996, an impairment loss of \$9.3 million (\$6.0 million after tax, or \$.05 per share) 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 is calculated based on an offer to purchase these assets and is included in the other income line of the income statement.

On 22 October 1996, the company obtained control of Carbueros Metalicos S.A. (Carbueros). The company now owns 96.7% of the outstanding shares in Carbueros. The acquisition of the additional 70.8% ownership was completed through a series of planned tender offers over a three year period at a total cost of \$408.4 million. The acquisition was funded through the issuance of U.S. dollar debt effectively converted to Spanish Peseta liabilities through the use of interest rate and currency swap contracts and foreign exchange contracts.

Carbueros is a leading supplier of industrial gases in Spain. This transaction was accounted for as a step acquisition purchase and the results for the three months ended 31 December 1996 contained approximately six weeks of consolidated operating results for Carbueros. 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.

The following table shows unaudited pro forma consolidated financial information for the three months ended 31 December 1996 and 1995 and the fiscal year ended 30 September 1996. This information reflects the acquisition as if it had occurred on 1 October 1995 and includes adjustments for asset valuation depreciation expense, goodwill amortization, and interest expense from acquisition debt. This information is not necessarily indicative of future consolidated results or what actual results would have been had the acquisition occurred during the periods presented.

PRO FORMA INFORMATION(Unaudited)

(In millions, except earnings per share)

	Three Months Ended 31 December		Twelve Months Ended
	1996	1995	30 September 1996
	-----	-----	-----
Sales	\$ 1,165.8	\$ 1,025.0	\$ 4,309.7
Net Income	\$ 100.9	\$ 92.9	\$ 423.1
Earnings Per Share	\$.91	\$.83	\$ 3.79
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AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY BUSINESS SEGMENTS

(In millions)

	Three Months Ended 31 December	
	1996	1995
	-----	-----
Sales:		
Industrial Gases	\$ 614.5	\$ 550.9
Chemicals	346.2	309.7
Equipment/Services	159.0	81.9
Corporate/Other	1.2	5.0
	-----	-----
CONSOLIDATED	\$1,120.9	\$ 947.5
	-----	-----
Operating Income:		
Industrial Gases	\$ 118.3	\$ 103.7
Chemicals	44.5	48.1
Equipment/Services	5.6	4.6
Corporate/Other	1.0	(12.2)
	-----	-----
CONSOLIDATED	\$ 169.4	\$ 144.2
	-----	-----
Equity Affiliates' Income:		
Industrial Gases	\$ 12.0	\$ 9.2
Chemicals	0.1	(0.2)
Equipment/Services	3.5	2.0
Corporate/Other	3.1	4.8
	-----	-----
CONSOLIDATED	\$ 18.7	\$ 15.8
	-----	-----

For the three months ended 31 December 1996, operating income of Corporate/Other includes a gain of \$9.5 million from the sale of the landfill gas recovery business and operating income of Chemicals includes an impairment loss of \$9.3 million.

The segment results for the three months ended 31 December 1995 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.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY GEOGRAPHIC REGIONS

(In millions)

	Three Months Ended 31 December	
	1996	1995
	-----	-----
Sales:		
United States	\$ 792.1	\$ 699.7
Europe	285.7	211.9
Canada/Latin America	39.6	34.9
Other	3.5	1.0
	-----	-----
CONSOLIDATED	\$1,120.9	\$ 947.5
	-----	-----
Operating Income:		
United States	\$ 144.2	\$ 109.0
Europe	20.1	33.7
Canada/Latin America	5.4	1.5
Other	(.3)	--
	-----	-----
CONSOLIDATED	\$ 169.4	\$ 144.2
	-----	-----
Equity Affiliates' Income:		
United States	\$ 6.2	\$ 6.3
Europe	7.1	5.7
Canada/Latin America	2.7	1.3
Other	2.7	2.5
	-----	-----
CONSOLIDATED	\$ 18.7	\$ 15.8
	-----	-----

For the three months ended 31 December 1996, operating income of United States includes a gain of \$9.5 million from the sale of the landfill gas recovery business and operating income of Europe includes an impairment loss of \$9.3 million.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

RESTATEMENT BY BUSINESS SEGMENTS

The segment results for the year ended 30 September 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. The following table summarizes the restatement for each quarter and the year ended 30 September 1996:

(In millions)	First	Second	Third	Fourth	Total
	-----	-----	-----	-----	-----
Sales:					
Industrial Gases	\$ 550.9	\$ 591.5	\$ 577.9	\$ 590.2	\$2,310.5
Chemicals	309.7	340.0	352.5	360.1	1,362.3
Environmental/Energy	--	--	--	--	--
Equipment/Services	81.9	76.3	61.8	94.6	314.6
Corporate/Other	5.0	4.7	5.1	5.5	20.3
	-----	-----	-----	-----	-----
CONSOLIDATED	\$ 947.5	\$1,012.5	\$ 997.3	\$1,050.4	\$4,007.7
	-----	-----	-----	-----	-----
Operating Income:					
Industrial Gases	\$ 103.7	\$ 99.6	\$ 102.2	\$ 101.2	\$ 406.7
Chemicals	48.1	52.7	55.2	41.5	197.5
Environmental/Energy	--	--	--	--	--
Equipment/Services	4.6	7.0	7.4	13.7	32.7
Corporate/Other	(12.2)	(11.3)	(9.4)	(12.7)	(45.6)
	-----	-----	-----	-----	-----
CONSOLIDATED	\$ 144.2	\$ 148.0	\$ 155.4	\$ 143.7	\$ 591.3
	-----	-----	-----	-----	-----
Equity Affiliates' Income:					
Industrial Gases	\$ 9.2	\$ 9.9	\$ 12.1	\$ 12.8	\$ 44.0
Chemicals	(.2)	.1	.2	.2	.3
Environmental/Energy	--	--	--	--	--
Equipment/Services	2.0	2.3	1.8	2.4	8.5
Corporate/Other	4.8	5.7	6.3	11.1	27.9
	-----	-----	-----	-----	-----
CONSOLIDATED	\$ 15.8	\$ 18.0	\$ 20.4	\$ 26.5	\$ 80.7
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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.

(Registrant)

Dated: 24 January 1997

By: /s/ Arnold H. Kaplan

Arnold H. Kaplan
Vice President - Finance