

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 July 1996

Air Products and Chemicals, Inc.
(Exact name of registrant as specified in charter)

Delaware

(State of other jurisdiction of incorporation)

23-1274455

(IRS Identification number)

1-4534

(Commission file 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 \$98 million, or 87 cents per share, up 5 percent from \$94 million, or 83 cents per share, in the year-ago quarter. The comparison excludes an after-tax gain of \$6 million, or 6 cents per share, from the sale of an idle asset last year. Sales of \$997 million were up 2 percent versus \$982 million last year.

Industrial gas sales for the quarter rose 6 percent, reflecting continued progress in loading new U.S. plants, particularly hydrogen capacity for the chemicals processing and refinery industry. Operating income was down 6 percent from the year-ago quarter, as stronger U.S. results helped to partially offset weaker business conditions in northern Europe. Gas equity affiliate income continued to grow, up \$3 million for the quarter.

Chemicals operating income increased by \$5 million, or 11 percent, on flat sales. Though volumes were mixed, strong plant operations and improved performance across most major businesses resulted in higher profits.

Profits for the environmental and energy systems segment were up from a year ago, benefiting from better operations and a project buy-out.

The equipment and services segment continued to demonstrate excellent performance. Operating income was up \$4 million, with a near-record backlog of high-quality projects.

For the quarter, higher interest expense was somewhat offset by lower taxes.

For the first nine months of fiscal 1996, Air Products reported net income of \$322 million, or \$2.88 per share, versus \$275 million, or \$2.45 per share, for the same period last year. Excluding special items in both years (an after-tax gain of \$41 million, or 36 cents per share, in the current fiscal year and an after-tax gain of \$6 million, 6 cents per share, in 1995) earnings per share increased 5 percent compared to last year as sales rose 2 percent to \$3 billion.

Financial tables follow:

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

(In millions, except earnings per share)

	Three Months Ended		Nine Months Ended	
	30 June		30 June	
	1996	1995	1996	1995
Sales	\$997	\$982	\$2,957	\$2,886
Net Income	\$ 98	\$100(a)	\$ 322(b)	\$ 275(a)
Earnings Per Share	\$.87	\$.89(a)	\$ 2.88(b)	\$ 2.45(a)

(a)Includes an after-tax gain of \$6 million, or \$.06 per share, from the sale of an industrial gas plant.

(b)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 30 June		Nine Months Ended 30 June	
	1996	1995	1996	1995
SALES AND OTHER INCOME				
Sales	\$ 997	\$ 982	\$2,957	\$2,886
Other income, net	9	17	17	17
	1,006	999	2,974	2,903
COSTS AND EXPENSES				
Cost of sales	594	595	1,763	1,730
Selling, distribution and administrative	228	217	679	638
Research and development	28	26	84	76
	156	161	448	459
OPERATING INCOME				
Income from equity affiliates, net of related expenses	20	16	54	33
Gain on settlement of leveraged interest rate swaps	--	--	67	--
Interest expense	34	25	94	75
	142	152	475	417
INCOME BEFORE TAXES				
Income taxes	44	52	153	142
	\$ 98	\$ 100	\$ 322	\$ 275
NET INCOME				
MONTHLY AVERAGE OF COMMON SHARES OUTSTANDING				
	--	--	112	112
EARNINGS PER COMMON SHARE				
	\$.87	\$.89	\$ 2.88	\$ 2.45
DIVIDENDS DECLARED PER COMMON SHARE - Cash				
	\$.27	\$.26	\$.79	\$.75

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AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(In millions, except per share)

ASSETS	30 June 1996	30 June 1995
CURRENT ASSETS		
Cash and cash items	\$ 91	\$ 122
Trade receivables, less allowances for doubtful accounts	676	617
Inventories	392	311
Contracts in progress, less progress billings	114	120
Other current assets	160	146
TOTAL CURRENT ASSETS	1,433	1,316
INVESTMENTS		
PLANT AND EQUIPMENT, at cost	7,909	7,236
Less - Accumulated depreciation	4,056	3,791
PLANT AND EQUIPMENT, net	3,853	3,445
GOODWILL	80	66
OTHER NONCURRENT ASSETS	271	237
TOTAL ASSETS	\$ 6,472	\$ 5,720
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LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 579	\$ 580
Accrued liabilities	224	243
Accrued income taxes	62	59
Short-term borrowings	249	238
Current portion of long-term debt	25	37
TOTAL CURRENT LIABILITIES	1,139	1,157
LONG-TERM DEBT		
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	357	421
DEFERRED INCOME TAXES	537	462
TOTAL LIABILITIES	3,883	3,366
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	125	125
Capital in excess of par value	462	467
Retained earnings	2,624	2,326
Unrealized gain on investments	42	40
Cumulative translation adjustments	(68)	(8)
Treasury Stock, at cost	(138)	(138)
Shares in trust	(458)	(458)
TOTAL SHAREHOLDERS' EQUITY	2,589	2,354
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 6,472	\$ 5,720
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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 nine months ended 30 June 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.

The three and nine months ended 30 June 1995 include a gain of \$11 million (\$6 million after tax, or \$.06 per share) from the sale of an industrial gas plant.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY BUSINESS SEGMENTS

(In millions)

	Three Months Ended		Nine Months Ended	
	30 June		30 June	
	1996	1995	1996	1995
Sales:				
Industrial Gases	\$578	\$542	\$1,720	\$1,613
Chemicals	352	352	1,002	1,027
Environmental/Energy	13	11	43	42
Equipment/Services	54	77	192	204
CONSOLIDATED	\$997	\$982	\$2,957	\$2,886
Operating Income:				
Industrial Gases	\$102	\$119	\$ 305	\$ 338
Chemicals	55	50	157	152
Environmental/Energy	3	(2)	2	(2)
Equipment/Services	4	--	13	(4)
Corporate and Other	(8)	(6)	(29)	(25)
CONSOLIDATED	\$156	\$161	\$ 448	\$ 459
Equity Affiliates' Income:				
Industrial Gases	\$ 12	\$ 9	\$ 31	\$ 13
Chemicals	--	--	--	--
Environmental/Energy	8	7	23	20
CONSOLIDATED	\$ 20	\$ 16	\$ 54	\$ 33

For the three and nine months ended 30 June 1995, operating income of industrial gases includes a gain of \$11 million from a plant sale.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY GEOGRAPHIC REGIONS

(In millions)

	Three Months Ended		Nine Months Ended	
	30 June		30 June	
	1996	1995	1996	1995
Sales:				
United States	\$761	\$732	\$2,223	\$2,160
Europe	191	216	618	626
Canada/Latin America	37	33	106	98
Other	8	1	10	2
CONSOLIDATED	\$997	\$982	\$2,957	\$2,886
Operating Income:				
United States	\$124	\$120	\$ 352	\$ 356
Europe	27	33	86	85
Canada/Latin America	5	8	10	18
Other	--	--	--	--
CONSOLIDATED	\$156	\$161	\$ 448	\$ 459
Equity Affiliates' Income:				
United States	\$ 7	\$ 7	\$ 21	\$ 19
Europe	7	6	18	11
Canada/Latin America	2	2	6	--
Other	4	1	9	3
CONSOLIDATED	\$ 20	\$ 16	\$ 54	\$ 33

For the three and nine months ended 30 June 1995, operating income of the United States includes a gain of \$11 million from the sale of an industrial gas plant.

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 July 1996

By: /s/ Arnold H. Kaplan

Arnold H. Kaplan
Vice President - Finance