

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) 26 July 1995

Air Products and Chemicals, Inc.

(Exact name of registrant as specified in charter)

Delaware	1-4534	23-1274455
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(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)		(Zip Code)

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

Item 5. Other Events.

The Registrant reported third quarter net income of \$100 million, or 89 cents per share, compared to last year's \$66 million, or 58 cents per share. Excluding special items in both quarters, the company earned \$93 million, or 83 cents per share, in this year's third quarter versus \$83 million, or 72 cents per share, last year, a per-share increase of 15 percent. Sales rose 13 percent to \$982 million compared to \$868 million last year.

Net income in the current quarter included an after-tax gain of \$7 million, or 6 cents per share, from a plant sale, while last year's income included a net after-tax loss of \$17 million, or 14 cents per share, from three special items.

Industrial gas sales for the quarter increased 11 percent, and operating income rose 7 percent, excluding special items in both quarters. Profits were driven primarily by strong worldwide volume gains. Merchant gas prices improved in the United States from a year ago, but were down in Europe. Higher profits from the company's joint ventures in Spain, Taiwan, and Korea also contributed to the quarter's results.

In chemicals, third-quarter sales and operating income were up 14 percent and 9 percent respectively versus the year-ago quarter. Broad based volume gains and improved prices offset lower profits related to the conversion of the company's merchant ammonia capacity in the second quarter.

Profits in the environmental and energy systems segment were down from last year's third quarter which included a performance bonus associated with a Florida cogeneration facility. Continued excellent operations at American Ref-Fuel's waste-to-energy facilities were offset by power curtailments and a scheduled maintenance outage at the company's cogeneration facility in California.

The Equipment and Services segment reported higher sales and break-even operating income compared to a loss last year due to project performance.

For the first nine months of fiscal 1995, Air Products reported net income of \$275 million, or \$2.45 per share, versus \$154 million, or \$1.36 per share, in 1994 before the cumulative effect of required accounting changes. Excluding special items (an after-tax gain of \$7 million, or 6 cents per share, in the current fiscal year and after-tax losses of \$75 million, or 65 cents per share, in 1994), earnings per share increased 19 percent compared to last year as sales rose 13 percent to \$2.9 billion.

Air Products Chairman H. A. Wagner noted that the company continued the share repurchase program previously announced. So far this fiscal year, the company has purchased 2.6 million shares. In fiscal 1994, the company purchased 1.8 million shares.

Financial tables follow:

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

(In millions, except earnings per share)

	Three Months Ended 30 June		Nine Months Ended 30 June	
	1995	1994	1995	1994
Sales	\$982.4	\$868.4	\$2,886.1	\$2,554.3
Income Before Cumulative Effect of Accounting Changes	\$100.1(a)	\$ 65.8(b)	\$ 275.4(a)	\$ 154.4(c)
Cumulative Effect of Accounting Changes	--	--	--	14.3(d)
Net Income	\$100.1	\$ 65.8	\$ 275.4	\$ 168.7
Earnings Per Share:				
Income Before Cumulative Effect of Accounting Changes	\$.89(a)	\$.58(b)	\$ 2.45(a)	\$ 1.36(c)
Cumulative Effect of Accounting Changes	--	--	--	.12(d)
Net Income	\$.89	\$.58	\$ 2.45	\$ 1.48

(a) Includes an after-tax gain of \$6.6 million, or \$.06 per share, from the sale of an industrial gas plant.

(b) Includes an after-tax charge of \$15.5 million, or \$.13 per share, for a loss on certain interest rate and foreign currency derivative contracts that were terminated or closed during 1994; an after-tax charge of \$7.1 million, or \$.06 per share, for the outsourcing of the distribution function in the United Kingdom; and a tax benefit of \$5.4 million, or \$.05 per share, resulting from changes in certain state income tax regulations.

(c) Includes an after-tax charge of \$75.1 million, or \$.66 per share, for a loss on certain derivative contracts that were terminated or closed during 1994; an after-tax charge of \$7.1 million, or \$.06 per share, for the outsourcing of the distribution function in the United Kingdom; a tax benefit of \$5.4 million, or \$.05 per share, resulting from changes in certain state income tax regulations; and an after-tax benefit of \$2.3 million, or \$.02 per share from the favorable tax treatment, net of expense, of the charitable contribution of the remaining shares of a stock investment in an insurance company.

(d) The company adopted Statement of Financial Accounting Standard (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," SFAS No. 109, "Accounting for Income Taxes," and SFAS No. 112, "Employers' Accounting for Postemployment Benefits," on 1 October 1993 and recognized the cumulative effect of these accounting changes.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

CONSOLIDATED INCOME

(In millions, except per share)

	Three Months Ended 30 June		Nine Months Ended 30 June	
	1995	1994	1995	1994
SALES AND OTHER INCOME				
Sales	\$982.4	\$868.4	\$2,886.1	\$2,554.3
Other income (expense), net	16.7	(10.5)	16.3	(7.2)
	999.1	857.9	2,902.4	2,547.1
COSTS AND EXPENSES				
Cost of sales	595.7	516.6	1,730.6	1,533.8
Selling, distribution and administrative	216.9	205.4	637.4	588.1
Research and development	25.8	24.4	76.0	70.5
	160.7	111.5	458.4	354.7
OPERATING INCOME				
Income from equity affiliates, net of related expenses	15.2	9.5	33.1	21.4
Loss on leveraged interest rate swaps	--	11.3	--	107.7
Interest expense	24.2	21.7	74.2	59.4
	151.7	88.0	417.3	209.0
INCOME BEFORE TAXES				
Income taxes	51.6	22.2	141.9	54.6
	100.1	65.8	275.4	154.4
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGES				
Cumulative effect of accounting changes	--	--	--	14.3
	\$100.1	\$ 65.8	\$ 275.4	\$ 168.7
NET INCOME				
MONTHLY AVERAGE OF COMMON SHARES OUTSTANDING				
	--	--	112.2	113.7
EARNINGS PER COMMON SHARE:				
Income before cumulative effect of accounting changes	\$.89	\$.58	\$ 2.45	\$ 1.36
Cumulative effect of accounting changes	--	--	--	.12
	\$.89	\$.58	\$ 2.45	\$ 1.48
NET INCOME				
DIVIDENDS DECLARED PER COMMON SHARE - Cash				
	\$.26	\$.25	\$.75	\$.71

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

(In millions, except per share)

ASSETS	30 June 1995	30 June 1994
CURRENT ASSETS		
Cash and cash items	\$ 122.1	\$ 107.2
Trade receivables, less allowances for doubtful accounts	616.8	531.9
Inventories	311.2	303.4
Contracts in progress, less progress billings	120.2	84.9
Other current assets	145.6	114.9
TOTAL CURRENT ASSETS	1,315.9	1,142.3
INVESTMENTS	655.6	619.0
PLANT AND EQUIPMENT, at cost	7,236.2	6,344.6
Less - Accumulated depreciation	3,791.4	3,475.2
PLANT AND EQUIPMENT, net	3,444.8	2,869.4
GOODWILL	66.4	67.2
OTHER NONCURRENT ASSETS	237.5	188.5
TOTAL ASSETS	\$5,720.2	\$4,886.4
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 580.4	\$ 403.9
Accrued liabilities	242.7	213.1
Accrued income taxes	59.3	8.7
Short-term borrowings	238.3	179.5
Current portion of long-term debt	36.4	165.6
TOTAL CURRENT LIABILITIES	1,157.1	970.8
LONG-TERM DEBT	1,326.1	934.4
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	420.8	405.3
DEFERRED INCOME TAXES	462.0	428.1
TOTAL LIABILITIES	3,366.0	2,738.6
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	124.7	124.7
Capital in excess of par value	466.6	480.8
Retained earnings	2,326.4	2,083.5
Unrealized gain on investments	40.2	--
Cumulative translation adjustments	(7.8)	(15.6)
Treasury Stock, at cost	(138.4)	(68.1)
Shares in trust	(457.5)	(457.5)
TOTAL SHAREHOLDERS' EQUITY	2,354.2	2,147.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$5,720.2	\$4,886.4

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Effective 1 October 1994, the company adopted Statement of Financial Accounting Standard (SFAS) No.115, "Accounting for Certain Investments in Debt and Equity Securities." Certain investments are reported at fair value with unrealized gains and losses on an after-tax basis recorded in a separate component of shareholders' equity. Prior year's amounts were not restated.

The three and nine months ended 30 June 1995 include a gain of \$10.8 million (\$6.6 million after tax, or \$.06 per share) from the sale of an industrial gas plant.

The third quarter of fiscal 1994 includes a loss of \$25.2 million (\$15.5 million after tax, or \$.13 per share) from certain derivative contract settlements. For the nine months ended 30 June 1994, the loss associated with these contracts totaled \$121.6 million (\$75.1 million after tax, or \$.66 per share).

The three and nine months ended 30 June 1994 include a charge of \$10.7 million (\$7.1 million after tax, or \$.06 per share) for the outsourcing of the United Kingdom's distribution function and a tax benefit of \$5.4 million, or \$.05 per share, resulting from changes in certain state income tax regulations.

The nine months ended 30 June 1994 include an after-tax benefit of \$2.3 million, or \$.02 per share, from the favorable tax treatment of the charitable contribution of the remaining shares of a stock investment in an insurance company.

Effective 1 October 1993, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," SFAS No. 109, "Accounting for Income Taxes," and SFAS No. 112, "Employers' Accounting for Postemployment Benefits." The cumulative effect of these accounting changes on years prior to fiscal 1994 is included in net income of the nine months ended 30 June 1994. The cumulative effect of each of these standards is as follows: SFAS No. 106, \$31.3 million charge; SFAS No. 109, \$55.9 million gain; and SFAS No. 112, \$10.3 million charge. The impact of these accounting changes on income for the nine months ended 30 June 1994, exclusive of the cumulative effect as of 1 October 1993, is not material.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY BUSINESS SEGMENTS

(In millions)

	Three Months Ended 30 June		Nine Months Ended 30 June	
	1995	1994	1995	1994
Sales:				
Industrial Gases	\$542.7	\$488.0	\$1,613.0	\$1,443.6
Chemicals	351.9	308.3	1,027.0	866.3
Environmental/Energy	11.2	17.1	42.2	50.7
Equipment/Services	76.6	55.0	203.9	193.7
CONSOLIDATED	\$982.4	\$868.4	\$2,886.1	\$2,554.3
Operating Income:				
Industrial Gases	\$119.7	\$ 90.7	\$338.2	\$278.7
Chemicals	50.0	45.7	152.0	111.2
Environmental/Energy	(2.6)	.6	(2.0)	4.3
Equipment/Services	--	(1.7)	(4.1)	7.4
Corporate and Other	(6.4)	(23.8)	(25.7)	(46.9)
CONSOLIDATED	\$160.7	\$111.5	\$458.4	\$354.7
Equity Affiliates' Income:				
Industrial Gases	\$ 8.3	\$2.0	\$12.5	\$ 2.6
Chemicals	.1	.3	.2	.1
Environmental/Energy	6.8	7.2	20.4	18.7
CONSOLIDATED	\$15.2	\$9.5	\$33.1	\$21.4

For the three and nine months ended 30 June 1995, industrial gases includes a gain of \$10.8 million from a plant sale.

For the three and nine months ended 30 June 1994, corporate and other operating income includes a loss of \$12.2 million from the termination of two foreign currency swap contracts. For these same periods, industrial gases' operating income is reduced by a charge of \$10.7 million for the outsourcing of the distribution function in the United Kingdom.

For the nine months ended 30 June 1994, corporate and other includes an expense of \$2.3 million for the charitable contribution of the remaining shares of a stock investment in an insurance company.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries

SUMMARY BY GEOGRAPHIC REGIONS

(In millions)

	Three Months Ended 30 June		Nine Months Ended 30 June	
	1995	1994	1995	1994
Sales:				
United States	\$732.6	\$670.7	\$2,160.8	\$1,927.6
Europe	216.6	165.1	626.0	537.6
Canada/Latin America	32.8	32.6	97.8	89.1
Other	.4	--	1.5	--
CONSOLIDATED	\$982.4	\$868.4	\$2,886.1	\$2,554.3
Operating Income:				
United States	\$120.1	\$ 92.6	\$355.7	\$286.6
Europe	32.5	12.0	84.3	58.6
Canada/Latin America	8.0	6.9	18.2	9.5
Other	.1	--	.2	--
CONSOLIDATED	\$160.7	\$111.5	\$458.4	\$354.7
Equity Affiliates' Income:				
United States	\$ 6.5	\$7.3	\$19.1	\$18.7
Europe	5.4	2.5	10.8	3.2
Canada/Latin America	1.7	.8	(.1)	3.5
Other	1.6	(1.1)	3.3	(4.0)
CONSOLIDATED	\$15.2	\$9.5	\$33.1	\$21.4

For the three and nine months ended 30 June 1995, operating income of the United States includes a gain of \$10.8 million from the sale of an industrial gas plant.

For the three months and nine months ended 30 June 1994, operating income of the United States includes a loss of \$12.2 million from the termination of two foreign currency swap contracts. For these same periods, operating income of Europe includes a charge of \$10.7 million related to the outsourcing of the distribution function in the United Kingdom.

For the nine months ended 30 June 1994, operating income of the United States includes an expense of \$2.3 million for the charitable contribution of the remaining shares of a stock investment in an insurance company.

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: July 26, 1995

By: /s/ Gerald A. White

Gerald A. White
Senior Vice President - Finance