

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) 24 July 1997

Air 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)
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7201 Hamilton Boulevard, Allentown, Pennsylvania (Address of principal executive offices)	18195-1501 (Zip Code)
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Registrant's telephone number, including area code (610) 481-4911

Item 5. Other Events.

The Registrant reported record income from operations for the third quarter ended June 30, 1997. Earnings per share increased 21 percent, on net income of \$116 million, or \$1.05 per share, versus \$98 million, or 87 cents per share in the year ago quarter. Sales of \$1.2 billion were up 15 percent from last year. These results include the consolidated operations of Carbueros Metalicos for the entire quarter.

Commenting on the quarter, Air Products Chairman H. A. Wagner said, "Our core gases and chemicals businesses both posted record sales and operating income, driven by broad-based volume and productivity gains in our worldwide gases business and continued solid chemical operations. Operating margins improved across the company, led by a gases margin of 20.5 percent that was well above the prior year."

Industrial gas sales for the quarter rose 18 percent and operating income increased 38 percent, including Carbueros Metalicos. The merchant business was up strongly in both the U.S. and Europe. The worldwide tonnage gas business also posted solid volume gains, on the strength of new business and increased customer requirements for our facilities serving the chemical and refining industries. Gas equity affiliate results were below last year, partially due to the consolidation of Carbueros Metalicos.

The chemicals business performed strongly in the quarter, setting records for sales, operating income, and margins. Third quarter operating income rose 8 percent on a 4 percent increase in sales. Volume gains were recorded across most businesses, but were partially offset by customer turnarounds.

The equipment and services segment reported higher operating income for the period. A continuing strong level of project activity across all product lines more than offset a favorable power generation project buyout in the prior year.

In the corporate and other segment, foreign exchange losses versus prior period gains were the principal cause of lower results. In equity affiliates, the company's American Ref-Fuel joint venture recorded improved operating performance in the quarter.

The quarter's results also reflected higher interest expense for the Carbueros Metalicos acquisition, new capital investments brought on-stream, and our continuing share repurchase program.

For the three quarters of fiscal 1997, the Registrant reported income of \$322 million, or \$2.92 per share, versus \$281 million, or \$2.52 per share, up 16 percent on an operating basis. Sales rose 16 percent to \$3.4 billion. These results exclude the 1996 gain from the settlement of 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 30 June		Nine Months Ended 30 June	
	1997	1996	1997	1996
Sales	\$ 1,150.3	\$ 997.3	\$ 3,424.3	\$ 2,957.3
Net Income	\$ 116.0	\$ 98.0	\$ 321.9(a)	\$ 322.3(b)
Earnings Per Share	\$ 1.05	\$.87	\$ 2.92(a)	\$ 2.88(b)

(a) 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.

(b) 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.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED INCOME

(In millions, except per share)

	Three Months Ended 30 June		Nine Months Ended 30 June	
	1997	1996	1997	1996
SALES AND OTHER INCOME				
Sales	\$ 1,150.3	\$ 997.3	\$ 3,424.3	\$ 2,957.3
Other income	.7	8.7	20.5	16.6
	1,151.0	1,006.0	3,444.8	2,973.9
COSTS AND EXPENSES				
Cost of sales	663.4	594.5	2,042.4	1,763.6
Selling, distribution and administrative	266.8	228.0	773.0	678.9
Research and development	27.9	28.1	83.1	83.8
OPERATING INCOME	192.9	155.4	546.3	447.6
Income from equity affiliates, net of related expenses	17.3	20.4	49.5	54.2
Gain on settlement of leveraged interest rate swaps	--	--	--	66.8
Interest expense	39.4	33.8	121.8	93.7
INCOME BEFORE TAXES	170.8	142.0	474.0	474.9
Income taxes	54.8	44.0	152.1	152.6
NET INCOME	\$ 116.0	\$ 98.0	\$ 321.9	\$ 322.3
MONTHLY AVERAGE OF COMMON SHARES OUTSTANDING	--	--	110.1	111.9
EARNINGS PER COMMON SHARE	\$ 1.05	\$.87	\$ 2.92	\$ 2.88
DIVIDENDS DECLARED PER COMMON SHARE - Cash	\$.30	\$.275	\$.85	\$.795

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

(In millions, except per share)

ASSETS	30 June 1997	30 June 1996
CURRENT ASSETS		
Cash and cash items	\$ 70.6	\$ 90.8
Trade receivables, less allowances for doubtful accounts	841.6	676.2
Inventories	401.4	392.2
Contracts in progress, less progress billings	142.2	114.5
Other current assets	196.7	160.0
TOTAL CURRENT ASSETS	1,652.5	1,433.7
INVESTMENTS		
PLANT AND EQUIPMENT, at cost	8,627.8	7,908.7
Less - Accumulated depreciation	4,243.1	4,056.2
PLANT AND EQUIPMENT, net	4,384.7	3,852.5
GOODWILL	253.6	80.0
OTHER NONCURRENT ASSETS	344.9	271.2
TOTAL ASSETS	\$7,226.1	\$6,472.3
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 631.9	\$ 579.5
Accrued liabilities	265.1	223.9
Accrued income taxes	57.5	62.4
Short-term borrowings	325.0	248.7
Current portion of long-term debt	30.6	24.9
TOTAL CURRENT LIABILITIES	1,310.1	1,139.4
LONG-TERM DEBT	2,213.4	1,850.3
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	421.2	356.7
DEFERRED INCOME TAXES	671.5	537.4
TOTAL LIABILITIES	4,616.2	3,883.8
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	124.7	124.7
Capital in excess of par value	453.3	461.8
Retained earnings	2,915.7	2,623.5
Unrealized gain on investments	15.6	41.8
Cumulative translation adjustments	(162.5)	(67.8)
Treasury Stock, at cost	(293.6)	(138.0)
Shares in trust	(443.3)	(457.5)
TOTAL SHAREHOLDERS' EQUITY	2,609.9	2,588.5
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$7,226.1	\$6,472.3

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. In October 1996, the company increased its ownership percentage in Carbueros from 47.6% to 96.7% of the outstanding shares in Carbueros. This transaction was accounted for as a step acquisition purchase and the results for the nine months ended 30 June 1997 included 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 30 June		Nine Months Ended 30 June	
	1997	1996	1997	1996
Sales:				
Industrial Gases	\$ 684.8	\$ 577.9	\$1,970.3	\$1,720.3
Chemicals	366.3	352.5	1,071.0	1,002.2
Equipment/Services	99.2	61.8	381.8	220.0
Corporate/Other	--	5.1	1.2	14.8
CONSOLIDATED	\$1,150.3	\$ 997.3	\$3,424.3	\$2,957.3
Operating Income:				
Industrial Gases	\$ 140.6	\$ 102.2	\$ 384.4	\$ 305.5
Chemicals	59.7	55.2	157.6	156.0
Equipment/Services	8.0	7.4	24.1	19.0
Corporate/Other	(15.4)	(9.4)	(19.8)(a)	(32.9)
CONSOLIDATED	\$ 192.9	\$ 155.4	\$ 546.3	\$ 447.6
Equity Affiliates' Income:				
Industrial Gases	\$ 3.5	\$ 12.1	\$ 24.0	\$ 31.2
Chemicals	0.2	0.2	0.4	.1
Equipment/Services	3.2	1.8	10.2	6.1
Corporate/Other	10.4	6.3	14.9 (b)	16.8
CONSOLIDATED	\$ 17.3	\$ 20.4	\$ 49.5	\$ 54.2

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 nine months ended 30 June 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		Nine Months Ended	
	1997	1996	1997	1996
	30 June		30 June	

Sales:				
United States	\$ 809.4	\$ 760.7	\$2,407.9	\$2,223.2
Europe	288.7	191.7	879.6	618.3
Canada/Latin America	45.4	37.5	123.6	106.2
Other	6.8	7.4	13.2	9.6

CONSOLIDATED	\$1,150.3	\$ 997.3	\$3,424.3	\$2,957.3

Operating Income:				
United States	\$ 142.8	\$ 123.7	\$ 427.4	\$ 351.8
Europe	45.2	27.3	104.8	86.0
Canada/Latin America	4.9	4.8	14.5	10.1
Other	--	(0.4)	(0.4)	(0.3)

CONSOLIDATED	\$ 192.9	\$ 155.4	\$ 546.3	\$ 447.6

Equity Affiliates' Income:				
United States	\$ 13.2	\$ 7.8	\$ 24.2	\$ 21.5
Europe	2.3	6.7	11.3	17.6
Canada/Latin America	2.5	2.5	7.9	6.4
Other	(.7)	3.4	6.1	8.7

CONSOLIDATED	\$ 17.3	\$ 20.4	\$ 49.5	\$ 54.2

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 July 1997

By: /s/ Arnold H. Kaplan

Arnold H. Kaplan
Vice President - Finance