

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended 31 December 1997

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-4534

AIR PRODUCTS AND CHEMICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

23-1274455

(State of Other Jurisdiction of (I.R.S. Employer Identification No.)
Incorporation or Organization)

7201 Hamilton Boulevard, Allentown, Pennsylvania 18195-1501

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code 610-481-4911

Indicate by check x whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes x No

Indicate the number of shares outstanding of each of the issuer's
classes of common stock, as of the latest practicable date.

Class	Outstanding at 6 February 1998
----- Common Stock, \$1 par value	----- 117,684,621

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REMARKS:

The consolidated financial statements of Air Products and Chemicals, Inc. and its subsidiaries (the "Company" or "Registrant") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, the accompanying statements reflect all adjustments necessary to present fairly the financial position, results of operations and cash flows for those periods indicated, and contain adequate disclosure to make the information presented not misleading. Such adjustments are of a normal, recurring nature unless otherwise disclosed in the notes to consolidated financial statements. However, the results for the periods indicated herein reflect certain adjustments, such as the valuation of inventories on the LIFO cost basis, which can only be finally determined on an annual basis. It is suggested that these consolidated condensed financial statements be read in conjunction with the financial statements and notes thereto included in the Company's latest annual report on Form 10-K.

Results of operations for any three month period are not necessarily indicative of the results of operations for a full year.

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Millions of dollars, except per share)

	31 December 1997	30 September 1997
	-----	-----
ASSETS		
CURRENT ASSETS		
Cash and cash items	\$ 85.9	\$ 52.5
Trade receivables, less allowances for doubtful accounts	860.8	879.6
Inventories	406.0	386.5
Contracts in progress, less progress billings	93.9	121.3
Other current assets	229.1	184.4
	-----	-----
TOTAL CURRENT ASSETS	1,675.7	1,624.3
	-----	-----
INVESTMENTS	328.6	576.8
	-----	-----
PLANT AND EQUIPMENT, at cost	8,847.7	8,727.3
Less - Accumulated depreciation	4,372.5	4,286.1
	-----	-----
PLANT AND EQUIPMENT, net	4,475.2	4,441.2
	-----	-----
GOODWILL	258.7	248.6
	-----	-----
OTHER NONCURRENT ASSETS	336.3	353.2
	-----	-----
TOTAL ASSETS	\$7,074.5	\$7,244.1
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 612.9	\$ 616.6
Accrued liabilities	239.4	315.7
Accrued income taxes	195.4	15.9
Short-term borrowings	64.8	100.9
Current portion of long-term debt	47.8	75.5
	-----	-----
TOTAL CURRENT LIABILITIES	1,160.3	1,124.6
	-----	-----
LONG-TERM DEBT	2,234.7	2,291.7
	-----	-----
DEFERRED INCOME AND OTHER NONCURRENT LIABILITIES	467.8	449.7
	-----	-----
DEFERRED INCOME TAXES	616.3	730.0
	-----	-----
TOTAL LIABILITIES	4,479.1	4,596.0
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	124.7	124.7
Capital in excess of par value	452.1	453.0
Retained earnings	3,118.3	2,990.2
Unrealized gain on investments	4.5	6.9
Cumulative translation adjustments	(218.9)	(186.1)
Treasury stock, at cost	(442.0)	(297.3)
Shares in trust	(443.3)	(443.3)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	2,595.4	2,648.1
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$7,074.5	\$7,244.1
	=====	=====

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES

CONSOLIDATED INCOME

(Millions of dollars, except per share)

	Three Months Ended 31 December	
	1997	1996
SALES AND OTHER INCOME		
Sales	\$ 1,234.8	\$ 1,120.9
Other income (expense), net	(5.3)	9.4
	1,229.5	1,130.3
COSTS AND EXPENSES		
Cost of sales	720.7	692.7
Selling, distribution and administrative	269.9	241.5
Research and development	26.3	26.7
OPERATING INCOME	212.6	169.4
Income from equity affiliates, net of related expenses	5.7	18.7
Gain on Ref-Fuel Sale and Contract Settlement	75.2	--
Interest expense	40.2	39.9
INCOME BEFORE TAXES	253.3	148.2
Income taxes	92.8	48.3
NET INCOME	\$ 160.5	\$ 99.9
BASIC EARNINGS PER COMMON SHARE	\$ 1.47	\$.91
DILUTED EARNINGS PER COMMON SHARE	\$ 1.44	\$.89
WEIGHTED AVERAGE NUMBER OF COMMON SHARES (in millions)	109.1	110.3
WEIGHTED AVERAGE NUMBER OF COMMON AND COMMON EQUIVALENT SHARES (in millions)	111.4	112.5
DIVIDENDS DECLARED PER COMMON SHARE - Cash	\$.30	\$.275

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES

CONSOLIDATED CASH FLOWS

(Millions of dollars)

	Three Months Ended 31 December	
	1997	1996
	-----	-----
OPERATING ACTIVITIES		
Net Income	\$ 160.5	\$ 99.9
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation	117.6	108.1
Deferred income taxes	17.5	15.1
Ref-Fuel divestiture deferred income taxes	(80.3)	--
Impairment loss	--	9.3
Undistributed (earnings) of unconsolidated affiliates	34.0	(14.5)
Gain on sale of assets and investments	(82.9)	(10.2)
Other	30.2	29.3
Working capital changes that provided (used) cash, net of effects of acquisitions:		
Trade receivables	53.6	(50.8)
Other receivables	(17.4)	50.9
Inventories and contracts in progress	6.0	(54.0)
Payables, trade and other	(4.4)	82.1
Accrued liabilities	(86.2)	(53.1)
Accrued income taxes	151.8	29.3
Other	(20.6)	(12.3)
Cash provided by (used for) discontinued operations	(3.2)	--
	-----	-----
CASH PROVIDED BY OPERATING ACTIVITIES	276.2	229.1
	-----	-----
INVESTING ACTIVITIES		
Additions to plant and equipment	(154.9)	(303.0)
Acquisitions, less cash acquired	(16.6)	(292.2)
Investment in and advances to unconsolidated affiliates	(4.5)	(20.1)
Proceeds from sale of assets and investments	248.3	36.4
Other	(.9)	4.6
	-----	-----
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	71.4	(574.3)
	-----	-----
FINANCING ACTIVITIES		
Long-term debt proceeds	2.0	325.5
Payments on long-term debt	(43.5)	(2.9)
Net increase (decrease) in commercial paper	(65.5)	193.0
Net increase (decrease) in other short-term borrowings	(24.6)	6.1
Dividends paid to shareholders	(33.0)	(30.2)
Purchase of Treasury Stock	(150.0)	(75.0)
Other	1.4	9.6
	-----	-----
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(313.2)	426.1
	-----	-----
Effect of Exchange Rate Changes on Cash	(1.0)	1.1
	-----	-----
Increase in Cash and Cash Items	33.4	82.0
Cash and Cash Items - Beginning of Year	52.5	78.7
	-----	-----
Cash and Cash Items - End of Period	<u>\$ 85.9</u>	<u>\$ 160.7</u>
	=====	=====

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

On 1 October 1997, the Company adopted Statement of Position 96-1, "Environmental Remediation Liabilities." This statement had minimal impact on the financial statements.

Effective 31 December 1997, the Company adopted SFAS No. 128, "Earnings Per Share" and SFAS No. 129 "Disclosure of Information about Capital Structure." SFAS No. 129 does not change the currently reported disclosures, while SFAS No. 128 establishes new accounting and disclosure for earnings per share (EPS). The following table sets forth the computation of basic and diluted earnings per share:

(Millions, except per share)	1997	1996
Three months ended 31 December	-----	-----
Numerator for basic EPS and diluted EPS-net income	\$ 160.5	\$ 99.9
Denominator for basic EPS - -weighted average shares	109.1	110.3
Effect of diluted securities:		
Employee stock options	1.9	1.8
Other award plans	0.4	0.4
	-----	-----
	2.3	2.2
Denominator for diluted EPS - -weighted average shares and assumed conversions	111.4	112.5
	=====	=====
Basic EPS	\$ 1.47	\$.91
	=====	=====
Diluted EPS	\$ 1.44	\$.89
	=====	=====

Options on 2.6 million shares of common stock were not included in computing diluted EPS because their effects were antidilutive. The potential dilutive effect of these options can not be estimated based on current information.

In December 1997, the Company sold its 50% interest in American Ref-Fuel Company, its former waste-to-energy joint venture with Browning-Ferris Industries, Inc.(BFI), to a limited liability company (LCC) formed by Duke Energy Power Services and United American Energy Corporation. This transaction provides for the sale of Air Products' interest in American Ref-Fuel's five waste-to-energy facilities for \$237 million, and the assumption of various parental support agreements by Duke Energy Capital Corporation, the parent company of Duke Energy Power Services. The income statement for the three months ended 31 December 1997 includes a gain of \$62.6 million from this sale, (\$35.1 million after tax or \$.32 per share.) Air Products retained a limited partnership interest in one project which is undergoing a power agreement restructuring. The restructuring is expected to be completed within the calendar year. Fiscal 1997 results included equity affiliates' income related to American Ref-Fuel of \$21.4 million before taxes of which \$2.3, \$.8, \$9.6 and \$8.7 million was included in the first through fourth quarters respectively.

The results for the three months ended 31 December 1997 also include a gain of \$12.6 million from a cogeneration project contract settlement (\$7.6 million after tax or \$.07 per share.)

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.

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.

On 22 October 1996, the Company obtained control of Carbueros Metalicos S.A. (Carbueros). In October 1996, the Company increased its ownership percentage in Carbueros from 47.6% to 96.7% of the outstanding shares in Carbueros. 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FIRST QUARTER FISCAL 1998 VS. FIRST QUARTER FISCAL 1997

RESULTS OF OPERATIONS

CONSOLIDATED

Sales in the first quarter of fiscal 1998 were a record \$1,234.8 million, 10% higher than in the same quarter of the prior year while operating income, another record, was up \$43.2 million, or 26%, to \$212.6 million. Profits of equity affiliates decreased \$13.0 million to \$5.7 million for the three months ended 31 December 1997. Net income was \$160.5 million, or \$1.47 basic earnings per share, compared to net income of \$99.9 million, or \$.91 basic earnings per share, in the year-ago quarter. The current quarter included two special items: an after-tax gain of \$35.1 million, or \$.32 per share from the sale of the Company's 50% interest in American Ref-Fuel Company and a gain of \$7.6 million, or \$.07 per share from a cogeneration project contract settlement. Excluding these special items, net income was \$118 million, or \$1.08 basic earnings per share.

These record results were achieved in spite of unfavorable foreign currency impacts. In this quarter, foreign exchange and currency translation losses reduced net income growth by \$19 million or \$.17 per share. Foreign exchange losses for the quarter resulted in a net income loss of \$13 million or \$.12 per share versus a \$1 million net income gain or \$.01 per share in last year's first quarter. These foreign exchange losses are principally associated with the Company's gases segment Asian equity affiliates. A stronger U.S. dollar versus most of the world's currencies resulted in a reduction of net income of \$5 million or \$.04 per share when the operating results of the Company's foreign operations were translated to U.S. dollars using this quarter's rates compared to the rates of the prior year quarter. This impact was principally in the Company's European gases and chemicals businesses.

Record consolidated sales were achieved, in spite of a 2% unfavorable currency related impact. Strong volume growth in the United States and Europe coupled with a full quarter of Carbueros consolidation also produced record sales results in the gases segment. Broad-based volume gains in the chemicals businesses, likewise produced record sales. Due to several large equipment bookings in the first quarter of the prior year, the equipment segment sales declined.

Strong underlying volume growth in gases and chemicals, a favorable product mix in equipment, overall continuing productivity gains and outstanding chemicals manufacturing performance produced most of the record operating income growth. A full quarter of consolidated Carbueros results accounted for about a fifth of the operating income growth.

Equity affiliates' income declined principally due to the impacts of currency and unfavorable business conditions in the gases Asian affiliate results. About a third of the decline is due to a full quarter of Carbueros consolidation versus half a quarter in the prior year.

INDUSTRIAL GASES - Sales increased 18% to \$727.0 million in the first quarter of fiscal 1998 while operating income increased 24% to \$147.2 million. Strong volume gains in worldwide merchant and tonnage gases combined with a full quarter of consolidated Carbueros results accounted for record sales. Unfavorable currency effects, primarily European, decreased

year-to-year sales growth by approximately 3%. Excluding the Carburos consolidation and weaker currency effects, there was strong sales growth exceeding 15%. There was no discernible price movement for worldwide merchant gases. Merchant gases volumes grew 11% and 8% in the United States and Europe respectively, consistent with broad end-use market growth and new business signings. Tonnage gases volume growth in the United States was 10%. In Europe, tonnage volumes grew 20% over the prior year as investments continued to load, as well as the impact of prior year outages. Operating income growth was driven by the volume impact on both tonnage and merchant systems. Operating margin increased .9% from the prior year.

Equity affiliates' income for the first quarter of fiscal 1998 decreased to \$.4 million compared to \$12.0 million in the prior year. This decrease was due primarily to unfavorable foreign exchange effects in Asia and the movement of Carburos to consolidated results for the entire quarter of the current year. The prior period results included approximately seven weeks of Carburos in equity affiliates' income.

CHEMICALS- Record sales in the first quarter of fiscal 1998 of \$380.9 million increased \$34.7 million or 10%. Operating income increased \$23.9 million to \$68.4 million. The results of the prior year were reduced \$9.3 million due to the impairment loss in the polyurethane release agents business. Excluding this prior year loss, fiscal 1998 operating income grew 27%. This substantial growth resulted from broad-based volume growth, favorable product mix, continued productivity gains and exceptional manufacturing plant performance. The broad-based volume gains were led by the growth in both polymers and amines. Amines grew 23% with good base business growth, a major customer's order pattern relative to the prior year, and contributions from prior year acquisitions. Additional international acquisitions and ventures have been announced in the polymers and amines businesses. The current year operating margin of 18% is substantially higher than the prior year margin of 15.5%, excluding the impairment loss. The current year margin is above the normalized trend line. The Asian currency impact on exports combined with margin pressure created by potential higher Asian imports is a significant uncertainty.

EQUIPMENT AND SERVICES - Sales decreased to \$126.9 million from the unusually high level in the year-ago quarter as the prior year's results included the initial sales booking for several large projects. Operating income was up \$7.0 million to \$12.6 million due to a favorable project mix. Sales backlog for the equipment product line declined to \$277 million at 31 December 1997. This backlog compares to \$310 million at 30 September 1997 and \$431 million at 31 December 1996. The backlog's downward trend is reflective of the cyclical nature of this business.

Equity affiliates' income for the first quarter of fiscal 1998 increased \$.9 million to \$4.4 million. The improved results reflect improved operating performance at the power generation facilities.

CORPORATE AND OTHER - Sales declined to zero in the first quarter of 1998 due to the sale of the landfill gas recovery business in the first quarter of the prior year. Operating income declined \$16.6 million to a loss of \$15.6 million. Prior year results include a gain of \$9.5 million related to the sale of the landfill gas recovery business, GSF Energy Inc. Excluding this gain, operating income decreased \$7.1 million due primarily to unfavorable foreign exchange impacts.

Equity affiliates' income for the first quarter of fiscal 1998 decreased to \$.9 million due to the sale of the Company's 50% interest in American Ref-Fuel Company.

INTEREST

Interest expense of \$40.2 million is approximately at the level of the prior fiscal year first quarter. The average debt balance, capitalized interest, and interest rates are essentially unchanged.

INCOME TAXES

The consolidated effective tax rate on income was 36.6%. Excluding the tax rate impact on the gain from the sale of the American Ref-Fuel Company and the gain on the cogeneration power contract settlement, the effective tax rate is 33.9%. This rate is 1.3% higher than the prior year because of lower gases equity affiliates' income which is reported on a net of tax basis.

ACCOUNTING CHANGES

On 1 October 1997, the Company adopted Statement of Position 96-1, "Environmental Remediation Liabilities." This statement had minimal impact on the financial statements.

Effective 31 December 1997, the Company adopted SFAS No. 128, "Earnings Per Share" and SFAS No. 129 "Disclosure of Information about Capital Structure." SFAS No. 129 does not change the currently reported disclosures, while SFAS No. 128 establishes new accounting and disclosure for earnings per share.

The FASB issued SFAS No. 130, "Reporting Comprehensive Income," and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information," in June of 1997. These standards establish new disclosures for comprehensive income and segments and will be effective for fiscal 1999. New disclosures will include a comprehensive income number, operating segments in accordance with internal management structure, and geographic sales by destination rather than source.

As of 1 January 1998, the Company will cease applying highly inflationary accounting to operations in Brazil. For operations that used the U.S. dollar for translation, due to hyper-inflationary conditions, the functional currency will be the Brazilian Real. No material effects on the financial statements result from this change.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures during the first three months of fiscal 1998 totaled \$186.9 million compared to \$617.4 million in the corresponding period of the prior year. Additions to plant and equipment decreased from \$303.0 million during the first three months of fiscal 1997 to \$154.9 million during the current period. Prior year numbers included the acquisition of an additional 49.1% of the outstanding shares of Carburos at a cost of \$288.4 million. Investments in unconsolidated affiliates were \$4.5 million during the first three months of fiscal 1998 versus \$20.1 million last year. Capital expenditures are expected to be approximately \$1.2 billion in fiscal 1998. It is anticipated that these expenditures will be funded with cash from operations supplemented with proceeds from financing activities.

Cash provided by operating activities during the first three months of fiscal 1998 (\$276.2 million) combined with proceeds from the sale of assets and investments (\$248.3 million) were used largely for capital expenditures (\$186.9 million), purchase of common stock for treasury (\$150.0 million), debt repayments (\$133.6 million) and cash dividends (\$33.0 million). Cash and cash items increased \$33.4 million from \$52.5 million at the beginning of the fiscal year to \$85.9 million at 31 December 1997. The net decrease in commercial paper was \$65.5 million.

Total debt at 31 December 1997 and 30 September 1997, expressed as a percentage of the sum of total debt and shareholders' equity, was 47% and 48%, respectively. Total debt decreased from \$2,468.1 million at 30 September 1997 to \$2,347.3 million at 31 December 1997.

There was \$69.5 million of commercial paper outstanding at 31 December 1997. The Company's revolving credit commitments amounted to \$600.0 million at 31 December 1997 with funding available in 13 currencies. No borrowings were outstanding under these commitments. Additional commitments totaling \$86.4 million are maintained by the Company's foreign subsidiaries, of which \$2.8 million was utilized at 31 December 1997.

At 31 December 1997, the Company had unutilized shelf registrations for \$425.0 million of debt securities. Subsequent to 31 December 1997, the Company issued \$50.0 million in notes due in 2010, with a coupon rate of 6.24%.

The Company enters into interest rate swap agreements to change the fixed/variable interest rate mix of the debt portfolio in order to maintain the percentage of fixed and variable rate debt within certain parameters set by management. In accordance with these parameters, the agreements are used to reduce interest rate risks and costs inherent in the Company's debt portfolio. Accordingly, the Company enters into agreements to both effectively convert variable-rate debt to fixed-rate debt and to effectively convert fixed-rate debt to variable-rate debt, which is principally indexed to LIBOR rates. The Company has also entered into interest rate swap contracts to effectively convert the stated variable rates to interest rates based on LIBOR. The fair value gain (loss) on the variable to variable swaps is equally offset by a fair value loss (gain) on the related debt agreements.

The notional principal and fair value of interest rate swap agreements at 31 December 1997 and 30 September 1997 were as follows:

(Millions of dollars)

	31 December 1997		30 September 1997	
	Notional Amount	Fair Value Gain (Loss)	Notional Amount	Fair Value Gain (Loss)
Fixed to Variable	\$511.0	\$14.6	\$461.0	\$9.6
Variable to Variable	60.0	71.9	60.0	68.9
Total	\$571.0	\$86.5	\$521.0	\$78.5

A \$34.6 million gain has been recognized in the financial statements related to the above agreements.

The Company is also party to interest rate and currency swap contracts. These contracts effectively convert the currency denomination of a debt instrument into another currency in which the Company has a net equity position while changing the interest rate characteristics of the instrument. The notional principal of interest rate and currency swap agreements outstanding at 31 December 1997 was \$419.3 million. The fair value of the agreements was a gain of \$17.4 million, of which a \$40.9 million gain related to the currency component was recognized in the financial statements. The remaining \$23.5 million loss was related to the interest component and has not been recognized in the financial statements. This loss reflects that current interest rates are generally lower than the interest rates paid under the interest rate and currency swap agreements. As of 30 September 1997 interest rate and currency swap agreements were outstanding with a notional principal amount and fair value of \$354.1 million and a gain of \$7.2 million, respectively.

The estimated fair value of the Company's long-term debt, including current portion, as of 31 December 1997 is \$2,494.6 million compared to a book value of \$2,282.5 million.

During the first quarter of fiscal 1998, 1.9 million shares of the Company's outstanding common stock were repurchased at a cost of \$150.0 million. Under the current program, the Company has repurchased 5.6 million shares at a cost of \$385.3 million to date. The remainder of the program will be dependent upon ongoing capital investment requirements.

FINANCIAL INSTRUMENTS

There has been no material change in the net financial instrument position or sensitivity to market risk since the disclosure in the annual report.

FORWARD-LOOKING STATEMENTS

The forward-looking statements contained in this document are based on current expectations regarding important risk factors. Actual results may differ materially from those expressed. Important risk factors and uncertainties include the impact of worldwide economic growth, pricing, and other factors resulting from fluctuations in interest rates and foreign currencies, the impact of competitive products and pricing, continued success of productivity programs, and the impact of tax and other legislation and other regulations in the jurisdictions in which the Company and its affiliates operate.

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES
RESTATED EARNINGS PER SHARE AMOUNTS

Effective 31 December 1997, the Company adopted SFAS No. 128, "Earnings Per Share." This standard establishes new accounting and disclosure for EPS. The EPS amounts for fiscal years 1997 and 1996 have been restated to conform to SFAS No. 128 requirements. The following table summarizes the restatement for each quarter and the years ended 30 September 1997 and 1996:

(Millions of dollars, except per share)	First	Second	Third	Fourth	Total
30 SEPTEMBER 1997					
Numerator for basic EPS and diluted EPS-net income	\$ 99.9	\$ 106.0	\$ 116.0	\$ 107.4	\$ 429.3
Denominator for basic EPS - -weighted average shares	110.3	109.9	109.9	109.9	110.0
Effect of dilutive securities:					
Employee stock options	1.8	1.9	1.9	2.1	2.0
Other award plans	0.4	0.5	0.5	0.6	0.5
	2.2	2.4	2.4	2.7	2.5
Denominator for diluted EPS - -weighted average shares and assumed conversions	112.5	112.3	112.3	112.6	112.5
Basic EPS	\$.91	\$.96	\$ 1.06	\$.98	\$ 3.90
Diluted EPS	\$.89	\$.94	\$ 1.03	\$.95	\$ 3.82
30 SEPTEMBER 1996					
Numerator for basic EPS and diluted EPS-net income	\$ 89.0	\$ 135.3	\$ 98.0	\$ 94.1	\$ 416.4
Denominator for basic EPS - -weighted average shares	111.8	111.9	112.0	111.3	111.7
Effect of dilutive securities:					
Employee stock options	1.4	1.4	1.5	1.3	1.4
Other award plans	0.5	0.4	0.4	0.4	0.4
	1.9	1.8	1.9	1.7	1.8
Denominator for diluted EPS - -weighted average shares and assumed conversions	113.7	113.7	113.9	113.0	113.5
Basic EPS	\$.80	\$ 1.21	\$.88	\$.85	\$ 3.73
Diluted EPS	\$.78	\$ 1.19	\$.86	\$.83	\$ 3.67

Note: Each quarter is calculated as a discrete period; the sum of the four quarters may not equal the calculated full-year amount.

PART II. OTHER INFORMATION

ITEM 6.

EXHIBITS AND REPORTS ON FORM 8-K.

- (a)(12) Computation of Ratios of Earnings to Fixed Charges.
- (a)(27)(i) Financial Data Schedule for the three months ended 31 December 1997, which is submitted electronically to the Securities and Exchange Commission for information only, and not filed.
- (a)(27)(ii)(iii)(iv) Restated Financial Data Schedules pursuant to Item 601(c)(2)(iii) of Regulation S-K, which are submitted electronically to the Securities and Exchange Commission for information only, and not filed.
- (b) Current Reports on Form 8-K dated 13 October 1997 and 23 October 1997 were filed by the registrant during the quarter ended 31 December 1997 in which Item 5 of such form was reported.

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)

Date: February 12, 1998

By: /s/ A. H. Kaplan

A. H. Kaplan
Senior Vice President - Finance
(Chief Financial Officer)

INDEX TO EXHIBITS

- (a)(12) Computation of Ratios of Earnings to Fixed Charges.
- (a)(27)(i) Financial Data Schedule for the three months ended 31 December 1997, which is submitted electronically to the Securities and Exchange Commission for information only, and not filed.
- (a)(27)(ii)(iii)(iv) Restated Financial Data Schedules pursuant to Item 601(c)(2)(iii) of Regulation S-K, which are submitted electronically to the Securities and Exchange Commission for information only, and not filed.
- (b) Current Reports on Form 8-K dated 13 October 1997 and 23 October 1997 were filed by the registrant during the quarter ended 31 December 1997 in which Item 5 of such form was reported.

AIR PRODUCTS AND CHEMICALS, INC., AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Unaudited)

	Year Ended 30 September					Three Months Ended 31 December 1997
	1993	1994	1995	1996	1997	
EARNINGS:	(Millions of dollars)					
Income before extraordinary item and the cumulative effect of accounting changes:	\$ 200.9	\$ 233.5	\$ 368.2	\$ 416.4	\$ 429.3	\$ 160.5
Add (deduct):						
Provision for income taxes	103.0	95.2	186.2	195.5	203.4	93.6
Fixed charges, excluding capitalized interest	127.3	127.1	148.8	184.0	233.0	57.8
Capitalized interest amortized during the period	7.7	8.0	9.1	9.4	8.3	2.0
Undistributed earnings of less-than- fifty-percent-owned affiliates	(8.1)	(2.8)	(25.4)	(40.6)	(31.1)	(2.4)
Earnings, as adjusted	\$ 430.8	\$ 461.0	\$ 686.9	\$ 764.7	\$ 842.9	\$ 311.5
FIXED CHARGES:						
Interest on indebtedness, including capital lease obligations	\$ 118.6	\$ 118.2	\$ 139.4	\$ 171.7	\$ 217.8	\$ 54.0
Capitalized interest	6.3	9.7	18.5	20.0	20.9	4.7
Amortization of debt discount premium and expense	0.7	0.8	0.2	1.5	1.8	0.5
Portion of rents under operating leases representative of the interest factor	8.0	8.1	9.2	10.8	13.4	3.3
Fixed charges	\$ 133.6	\$ 136.8	\$ 167.3	\$ 204.0	\$ 253.9	\$ 62.5
RATIO OF EARNINGS TO FIXED CHARGES:	3.2	3.4	4.1	3.7	3.3	5.0

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-Q.

1,000,000
U.S. DOLLARS

3-MOS	SEP-30-1998	OCT-01-1997	DEC-31-1997
	1		86
	0		0
	842		19
	19		406
	1,676		8,848
	4,372		7,074
1,160	7,074		
	0		2,235
	0		0
	125		2,470
7,074	2,470		
	1,235		1,235
	1,235		721
	721		
	26		
	2		
	40		
	253		
	93		
160	160		
	0		
	0		0
	160		
	1.47		
	1.44		

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF FORMS 10-K AND 10-Q, AS APPLICABLE, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-K AND 10-Q, AS APPLICABLE. THIS SCHEDULE IS RESTATED AND IS TO REPLACE THE PREVIOUSLY PROVIDED SCHEDULES FOR THEIR RESPECTIVE PERIODS.

1,000,000
U.S. DOLLARS

YEAR	9-MOS		6-MOS		3-MOS	
SEP-30-1997	SEP-30-1997	SEP-30-1997	SEP-30-1997	SEP-30-1997	SEP-30-1997	SEP-30-1997
OCT-01-1996	OCT-01-1996	OCT-1-1996	OCT-1-1996	OCT-01-1996	OCT-01-1996	OCT-01-1996
SEP-30-1997	JUN-30-1997	MAR-31-1997	MAR-31-1997	DEC-31-1996	DEC-31-1996	DEC-31-1996
1	1	1	1	1	1	1
	53	71	112	161		
0	0	0	0	0		
895	858	829	833			
15	16	15	16			
386	401	398	405			
1,624	1,653	1,664	1,720			
8,727	8,628	8,537	8,578			
4,286	4,243	4,168	4,186			
4,441	4,385	4,369	7,317			
1,125	1,310	1,386	1,589			
0	0	0	0			
2,292	2,213	2,212	2,102			
0	0	0	0			
125	125	125	125			
2,523	2,485	2,433	2,454			
7,244	7,214	7,317				
4,638	3,424	2,274	1,121			
2,772	2,042	1,379	693			
114	83	55	27			
6	5	2	1			
161	122	82	40			
630	474	303	148			
201	152	97	48			
429	322	206	100			
0	0	0	0			
0	0	0	0			
0	0	0	0			
429	322	206	100			
3.90	2.92	1.87	.91			
3.82	2.86	1.83	.89			

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF FORMS 10-K AND 10-Q, AS APPLICABLE, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-K AND 10-Q, AS APPLICABLE. THIS SCHEDULE IS RESTATED AND IS TO REPLACE THE PREVIOUSLY PROVIDED SCHEDULES FOR THEIR RESPECTIVE PERIODS.

1,000,000
US DOLLARS

YEAR	9-MOS		6-MOS		3-MOS	
SEP-30-1996	SEP-30-1996	SEP-30-1996	SEP-30-1996	SEP-30-1996	SEP-30-1996	SEP-30-1996
OCT-01-1995	OCT-01-1995	OCT-01-1995	OCT-01-1995	OCT-01-1995	OCT-01-1995	OCT-01-1995
SEP-30-1996	JUN-30-1996	MAR-31-1996	DEC-31-1995			
1	1	1	1	1	1	1
	79	91	82			95
0	0	0	0	0	0	0
683	690	664	642			
13	14	15	14			
371	392	383	371			
1,375	1,433	1,372	1,356			
	8,103	7,909	7,691			7,501
4,144	4,056	3,982	3,926			
6,522	6,472	6,224	6,034			
1,263	1,139	1,268	1,333			
0	0	0	0			
	1,739	1,850	1,495			1,314
0	0	0	0			0
	125	125	125			125
6,522	2,449	2,464	2,428			2,320
	6,472	6,224	6,034			
	4,008	2,957	1,960			947
4,008						947
	2,408	1,763	1,169			560
	114	84	56			27
	5	4	3			1
	129	94	60			29
	609	475	333			131
	193	153	109			42
416	322	224	89			0
0	0	0	0			0
0	0	0	0			0
	0	0	0			0
	416	322	224			89
	3.73	2.88	2.01			.80
	3.67	2.83	1.97			.78

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND THE CONSOLIDATED STATEMENT OF INCOME FILED AS PART OF FORM 10-K AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FORM 10-K. THIS SCHEDULE IS RESTATED AND IS TO REPLACE THE PREVIOUSLY PROVIDED SCHEDULE FOR THIS PERIOD.

1,000,000
U.S. DOLLARS

YEAR	SEP-30-1995	OCT-01-1994	SEP-30-1995
	1	87	
	0		
	639		
	14		
	335		
	1,332	7,350	
	3,848		
	5,816		
1,311		1,194	
0		0	
		125	
5,816		2,273	
		3,865	
	3,865		
		2,317	
	2,317		
	103		
	8		
	100		
	553		
	185		
368		0	
	0		
		0	
		368	
		3.29	
		3.24	