

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended 30 June 1996

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 Incorporation or Organization) (I.R.S. Employer Identification No.)

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 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 7 August 1996
-----	-----
Common Stock, \$1 par value	121,530,768

INDEX

Page No.

Part I. Financial Information

Consolidated Balance Sheets - 30 June 1996 and 30 September 1995	3
Consolidated Income - Three Months and Nine Months Ended 30 June 1996 and 1995	4
Consolidated Cash Flows - Nine Months Ended 30 June 1996 and 1995	5
Notes to Consolidated Financial Statements	6
Management's Discussion and Analysis	7

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K	13
Signatures	14

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 and report on Form 10-Q for the quarters ended 31 December 1995 and 31 March 1996.

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

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In millions, except per share)

ASSETS	30 June 1996 -----	30 September 1995 -----
CURRENT ASSETS		
Cash and cash items	\$ 91	\$ 87
Trade receivables, less allowances for doubtful accounts	676	625
Inventories	392	335
Contracts in progress, less progress billings	114	123
Other current assets	160	162
	-----	-----
TOTAL CURRENT ASSETS	1,433	1,332
	-----	-----
INVESTMENTS	835	657
	-----	-----
PLANT AND EQUIPMENT, at cost	7,909	7,350
Less - Accumulated depreciation	4,056	3,848
	-----	-----
PLANT AND EQUIPMENT, net	3,853	3,502
	-----	-----
GOODWILL	80	81
	-----	-----
OTHER NONCURRENT ASSETS	271	244
	-----	-----
TOTAL ASSETS	\$6,472	\$5,816
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Payables, trade and other	\$ 579	\$ 519
Accrued liabilities	224	249
Accrued income taxes	62	56
Short-term borrowings	249	314
Current portion of long-term debt	25	173
	-----	-----
TOTAL CURRENT LIABILITIES	1,139	1,311
	-----	-----
LONG-TERM DEBT	1,850	1,194
	-----	-----
DEFERRED INCOME AND OTHER NONCURRENT LIABILITIES	357	435
	-----	-----
DEFERRED INCOME TAXES	537	478
	-----	-----
TOTAL LIABILITIES	3,883	3,418
	-----	-----
SHAREHOLDERS' EQUITY		
Common stock, par value \$1 per share	125	125
Capital in excess of par value	462	465
Retained earnings	2,624	2,388
Unrealized gain on investments	42	41
Cumulative translation adjustments	(68)	(24)
Treasury stock, at cost	(138)	(139)
Shares in trust	(458)	(458)
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	2,589	2,398
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$6,472	\$5,816
	=====	=====

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
	-----	-----	-----	-----
OPERATING INCOME	156	161	448	459
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
	-----	-----	-----	-----
INCOME BEFORE TAXES	142	152	475	417
Income taxes	44	52	153	142
	-----	-----	-----	-----
NET INCOME	\$ 98	\$ 100	\$ 322	\$ 275
	=====	=====	=====	=====
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
	-----	-----	-----	-----

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES

CONSOLIDATED CASH FLOWS

(In millions)

	Nine Months Ended 30 June	
	----- 1996 -----	----- 1995 -----
OPERATING ACTIVITIES		
Net Income	\$ 322	\$ 275
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation	303	276
Termination of liabilities for leveraged interest rate swaps	(62)	--
Contributions to pension plans	(46)	(3)
Deferred income taxes	58	42
Other	8	(8)
Working capital changes that provided (used) cash:		
Trade receivables	(60)	(54)
Inventories and contracts in progress	(51)	(33)
Payables, trade and other	64	57
Accrued income taxes	12	25
Other	(24)	(21)
	-----	-----
CASH PROVIDED BY OPERATING ACTIVITIES	524	556
	-----	-----
INVESTING ACTIVITIES		
Additions to plant and equipment*	(706)	(679)
Investment in and advances to unconsolidated affiliates	(187)	(26)
Acquisitions, less cash acquired	(4)	(34)
Termination/Closure of leveraged interest rate swaps	--	(4)
Proceeds from sale of assets and investments	32	20
Other	(5)	4
	-----	-----
CASH USED FOR INVESTING ACTIVITIES	(870)	(719)
	-----	-----
FINANCING ACTIVITIES		
Long-term debt proceeds	554	331
Payments on long-term debt	(56)	(136)
Net increase(decrease) in commercial paper	(66)	142
Net increase in other short-term borrowings	16	6
Issuance of Treasury Stock for stock options	10	15
Dividends paid to shareholders	(89)	(84)
Purchase of Common Stock for Treasury	(23)	(119)
Other	5	26
	-----	-----
CASH PROVIDED BY FINANCING ACTIVITIES	351	181
	-----	-----
Effect of Exchange Rate Changes on Cash	(1)	4
	-----	-----
Increase in Cash and Cash Items	4	22
Cash and Cash Items - Beginning of Year	87	100
	-----	-----
Cash and Cash Items - End of Period	\$ 91	\$ 122
	=====	=====

*Excludes capital leases of \$4 million and \$3 million for the nine months ended 30 June 1996 and 1995, respectively.

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES
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 included 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 included 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

MANAGEMENT'S DISCUSSION AND ANALYSIS

THIRD QUARTER FISCAL 1996 VS. THIRD QUARTER FISCAL 1995

RESULTS OF OPERATIONS

CONSOLIDATED

Sales in the third quarter of fiscal 1996 of \$997 million were 2% higher than in the same quarter of last year while operating income was down \$5 million, or 3%, to \$156 million. During the third quarter of 1995, results included a gain of \$11 million (\$6 million after tax, or \$.06 per share) from the sale of an industrial gas plant. Excluding the effect of this gain, operating income was up \$6 million or 4%. Equity affiliates' income increased \$4 million to \$20 million for the three months ended 30 June 1996. Net income was \$98 million, or \$.87 per share, compared to reported net income of \$100 million, or \$.89 per share, in the year-ago quarter. Excluding the special item, net income for the third quarter of fiscal 1995 was \$94 million, or \$.83 per share.

Industrial gases' operating income declined due primarily to lower margins. Broad-based margin improvement resulted in higher chemicals' operating income. The environmental and energy segment reflected higher profits due to better operations and a project buy-out. Profits of the equipment and services segment improved significantly.

SEGMENT ANALYSIS

INDUSTRIAL GASES - Sales of \$578 million in the third quarter of fiscal 1996 increased 6% due primarily to higher shipments of domestic merchant and on-site gases. Domestic on-site business demonstrated very strong sales increases in hydrogen pipeline volumes, a direct result of new business investment. The rate of merchant volume growth was up in the United States. Domestic merchant prices rose slightly despite lower prices in liquid product lines. Competitive pressures and slower economic conditions in Northern Europe lowered merchant selling prices and volumes. Unfavorable European currency effects decreased sales by 2%.

Operating income declined by \$17 million to \$102 million. Prior year results included a gain of \$11 million from a plant sale. Excluding this gain, operating income declined \$6 million or 6%. Lower margins were due to higher worldwide overhead costs associated with new business initiatives, higher depreciation expense caused by increased investment, softer business conditions in Northern Europe, and the impact of unfavorable contract changes and expirations. European currency effects contributed almost 2% to the 6% decline in operating income.

Equity affiliates' income for the third quarter of fiscal 1996 was \$12 million compared to \$9 million in the prior year. Strong operating performances from joint ventures in Asia and Mexico contributed to these higher results. Current year results reflected an increased ownership position in the Spanish affiliate.

CHEMICALS - Sales in the third quarter of fiscal 1996 were comparable at \$352 million while operating income increased \$5 million or 11% to \$55 million. Selling prices were higher in several major product lines while overall volumes declined. The increase in operating income was due principally to broad-based margin improvement. Partially offsetting these gains were lower volumes in the polymers product lines and lower methanol selling prices. The decline in polymer volumes was mainly due to reduced export demand.

ENVIRONMENTAL AND ENERGY - Sales improved \$2 million from the prior year to \$13 million. Prior year sales of operating services were lower due to a power curtailment and planned major maintenance outage. Operating income increased by \$5 million to \$3 million due to better operations and a project buy-out.

Equity affiliates' income for the third quarter of fiscal 1996 increased \$1 million to \$8 million.

EQUIPMENT AND SERVICES - Sales of \$54 million decreased \$23 million from the unusually high level of the prior year while operating income increased to \$4 million from a break-even level. This increase reflects a more profitable project mix and improved project performance.

CORPORATE AND OTHER - The net expense was \$8 million compared to \$6 million in the third quarter of the prior year. Corporate expenses increased due primarily to higher corporate general and administrative costs.

INTEREST

Interest expense was \$34 million compared to \$25 million in the third quarter of fiscal 1995. The increase in expense was due to a higher level of debt outstanding and lower capitalized interest. This increase was partially offset by lower interest rates.

INCOME TAXES

The effective tax rate on income was 31% for the quarter ended 30 June 1996 as compared to 34% for the quarter ended 30 June 1995. The decrease in the effective tax rate from 34% to 31% was due to higher equity affiliates' income and lower state taxes.

NINE MONTHS FISCAL 1996 VS. NINE MONTHS FISCAL 1995

RESULTS OF OPERATIONS

CONSOLIDATED

Sales in the first nine months of fiscal 1996 of \$2,957 million were 2% higher than in the comparable period of the prior year while operating income was down \$11 million, or 2%, to \$448 million. Equity affiliates' income increased \$21 million to \$54 million for the nine months ended 30 June 1996.

The earnings for the first nine months of fiscal 1996 and 1995 included special items. During the second quarter of fiscal 1996, the Company recognized a gain from the derivatives settlement with Bankers Trust Company of \$67 million (\$41 million after tax, or \$.36 per share). Results in fiscal 1995 included a gain of \$11 million from the sale of an industrial gas plant (\$6 million after tax, or \$.06 per share).

Results for the nine months ended 30 June 1996 and 1995, both as reported and excluding these special items, were:

(in millions, except per share)

	Nine Months Ended 30 June 1996		Nine Months Ended 30 June 1995	
	Reported	Excluding Special Items	Reported	Excluding Special Items
Operating Income	\$ 448	\$ 448	\$ 459	\$ 448
Net Income	322	281	275	269
Earnings Per Share	2.88	2.52	2.45	2.39

Excluding these special items, operating income remained constant at \$448 million. Industrial gases' operating income declined primarily due to lower margins. This was offset by the strong performance of Spanish, Asian, and Mexican equity affiliates. Chemicals' operating income improved as broad-based margin improvement was offset by lower ammonia and methanol results. The equipment and services segment profits improved significantly.

SEGMENT ANALYSIS

INDUSTRIAL GASES - Sales of \$1,720 million in the first nine months of fiscal 1996 increased 7% due primarily to higher domestic volumes of merchant and on-site gases. Domestic on-site business demonstrated very strong sales increases in hydrogen pipeline volumes, a direct result of new investment. European sales were flat with the prior year as business conditions continued to weaken in Northern Europe. European currency effects did not have a material impact on sales.

Operating income declined by \$33 million to \$305 million. Prior year results included a gain of \$11 million from a plant sale. Excluding this gain, operating income declined \$22 million or 7%, reflecting lower margins. Lower margins were due to higher worldwide overhead costs associated with new business initiatives, higher depreciation expense caused by increased investment, weakening business conditions in Northern Europe, and unfavorable contract changes and expirations. European currency effects did not have a material effect on operating income.

Equity affiliates' income for the first nine months of fiscal 1996 was \$31 million compared to \$13 million in the prior year. Strong operating performances from joint ventures in Spain, Asia, and Mexico contributed to these higher results. Current year results reflected an increased ownership position in the Spanish affiliate, while the prior year results included a loss related to the peso devaluation in the Mexican investment.

CHEMICALS - Sales in the first nine months of fiscal 1996 decreased \$25 million to \$1,002 million while operating income increased \$5 million to \$157 million. A portion of the ammonia capacity was shut down in the second quarter of fiscal 1995 and converted to hydrogen production. This portion of ammonia capacity contributed \$25 million to trade sales and \$12 million to operating income in the first six months of fiscal 1995. Excluding the prior year contribution from this ammonia capacity, sales were comparable and operating income was up \$17 million or 12%. Selling prices were higher in several major product lines while overall volumes declined. The increase in operating income was due principally to broad-based margin improvement. Partially offsetting these gains were lower volumes in the polymers division and lower methanol selling prices. The decline in polymer volumes was mainly due to reduced export demand.

ENVIRONMENTAL AND ENERGY - Sales of \$43 million increased \$1 million from the first nine months of fiscal 1996 while operating income was \$2 million compared to a loss of \$2 million last year. The improved profitability was due primarily to a project buy-out.

Equity affiliates' income for the first nine months of fiscal 1996 increased \$3 million to \$23 million.

In April 1996, the Company announced its intention to sell its 50% interest in American Ref-Fuel, its waste-to-energy joint venture with Browning-Ferris Industries, Inc. This joint venture contributed \$17 million to equity affiliates' income in the first nine months of fiscal 1996.

EQUIPMENT AND SERVICES - Sales of \$192 million decreased \$12 million from the level of the prior year while operating income increased \$17 million to \$13 million. This year's results reflected a more profitable project mix and improved project performance. Sales backlog for the equipment product line improved to \$351 million at 30 June 1996 compared to \$198 million at 30 September 1995, due to new orders for natural gas liquefaction equipment and European equipment contracts.

CORPORATE AND OTHER - The net expense was \$29 million compared to \$25 million in the first nine months of the prior year. Corporate expenses increased due primarily to higher corporate general and administrative costs.

GAIN ON SETTLEMENT OF LEVERAGED INTEREST RATE SWAPS

The results for the nine months ended 30 June 1996 included a gain of \$67 million (\$41 million after tax, or \$.36 per share) from the settlement with Bankers Trust Company over losses reported in fiscal 1994 associated with leveraged interest rate swap contracts.

INTEREST

Interest expense was \$94 million compared to \$75 million in the first nine months of fiscal 1995. The increase in expense was due primarily to a higher level of debt outstanding, partially offset by lower interest rates.

INCOME TAXES

Including the gain on settlement of leveraged interest rate swaps, the effective tax rate on income was 32% for the nine months ended 30 June 1996. Excluding this gain, the effective tax rate on income for the nine months ended 30 June 1996 was 31% as compared to 34% in the prior year. The decrease in the effective tax rate from 34% to 31% was due to higher equity affiliates' income and favorable tax adjustments.

LIQUIDITY AND CAPITAL RESOURCES

The Company's senior debt was rated A+ by Standard & Poor's Corporation (S&P) and A1 by Moody's Investors Service Inc. (Moody's) at 30 September 1995. The Company's commercial paper was rated A-1 by S&P and P-1 by Moody's at 30 September 1995. In April 1996, the Company announced its plan to repurchase approximately 10% of its outstanding shares. This share repurchase program will be financed through proceeds from the sale of the investment in American Ref-Fuel and increased borrowings. Subsequent to this announcement, the Company's senior debt rating was reduced to A by S&P and A2 by Moody's. The commercial paper rating remains at A-1/P-1.

Capital expenditures during the first nine months of fiscal 1996 totaled \$901 million compared to \$742 million in the corresponding period of the prior year. Additions to plant and equipment increased from \$679 million during the first nine months of 1995 to \$706 million during the current period mainly due to additions for the industrial gases business. Investments in unconsolidated affiliates were \$187 million during the first nine months of fiscal 1996 versus \$26 million last year. During the first quarter of fiscal 1996, the Company acquired an additional 21.5% of the outstanding shares of a Spanish affiliate at a cost of \$120 million. The majority of the remaining increase in investments in unconsolidated affiliates for the first nine months of fiscal 1996 was in support of the environmental and energy segment. Capital expenditures for plant and equipment and investment in unconsolidated affiliates for all of fiscal 1996 are expected to be approximately \$1.2 billion, reflecting a higher level of spending on plant and equipment in support of growth in the worldwide industrial gases business. It is anticipated these expenditures will be funded with cash from operations supplemented with proceeds from financing activities.

Cash provided by operating activities during the first nine months of fiscal 1996 (\$524 million) combined with cash provided from debt financing (\$570 million) and proceeds from the sale of assets and investments (\$32 million) were used largely for capital expenditures (\$901 million), debt repayments (\$122 million), purchase of common stock for treasury (\$23 million), and cash dividends (\$89 million). Cash and cash items increased \$4 million from \$87 million at the beginning of the fiscal year to \$91 million at 30 June 1996. During the first nine months of fiscal 1996, cash provided by operating activities was reduced \$46 million by contributions to pension plans. The net decrease in commercial paper was \$66 million.

Total debt at 30 June 1996 and 30 September 1995, expressed as a percentage of the sum of total debt and shareholders' equity, was 45% and 41%, respectively. Total debt increased from \$1,681 million at 30 September 1995 to \$2,124 million at 30 June 1996. During the first quarter of fiscal 1996, the Company issued \$125 million of 6.6% notes due in fiscal 2008 to finance the acquisition of additional shares in a Spanish affiliate. In the second quarter, the Company issued \$31 million of 6.25% notes due in fiscal 2011. In the third quarter, the Company issued \$100 million of 7.34% debentures due in 2026, with a one-time put option exercisable by the investor after 12 years. In the third quarter, the Company also issued \$100 million of 7.80% debentures due in 2026, \$50 million of 7.56% notes due in 2026, and \$125 million of 7.25% notes due 2016.

There was \$262 million of commercial paper outstanding at 30 June 1996. In January 1996, the Company entered into a \$600 million committed, multi-currency, syndicated credit facility, which was unutilized at 30 June 1996. Additional commitments totaling \$16 million are maintained by the Company's foreign subsidiaries, of which \$3 million was utilized at 30 June 1996. At 30 June 1996 the Company had unutilized shelf registrations for \$639 million of debt securities.

Interest rate swap agreements are used to reduce interest rate risks and costs inherent in the Company's debt portfolio. The Company enters into these agreements to change the fixed/variable interest rate mix of the debt portfolio to reduce the Company's aggregate risk to movements in interest rates. Accordingly, the Company enters into agreements to effectively convert variable-rate debt to fixed-rate debt to reduce the Company's risk of incurring higher interest costs due to rising interest rates. The Company will also enter into agreements to effectively convert its fixed-rate debt to variable-rate debt which is principally indexed to LIBOR rates to reduce interest costs in periods of falling interest rates. The Company has also entered into interest rate swap contracts to effectively convert the stated

variable interest rates on \$60 million of medium-term notes to an average variable interest rate slightly above the three-month U.S. dollar LIBOR rate.

The notional principal and fair value of interest rate swap agreements at 30 June 1996 and 30 September 1995 were as follows:

(millions of dollars)

	30 June 1996		30 September 1995	
	Notional Amount	Fair Value Gain (Loss)	Notional Amount	Fair Value Gain (Loss)
Fixed to Variable	\$161	\$--	\$313	\$(6)
Variable to Fixed	54	(1)	105	(4)
Variable to Variable	60	25	70	11
	----	---	----	---
Total	\$275	\$24	\$488	\$ 1
	====	===	====	===

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 30 June 1996 was \$301 million. The fair value of the agreements was a loss of \$13 million, of which a \$2 million gain related to the currency component was recognized in the financial statements. The remaining \$15 million loss was related to the interest component and has not been recognized in the financial statements. As of 30 September 1995 interest rate and currency swap agreements were outstanding with a notional principal amount and fair value of \$86 million and a loss of \$11 million, respectively.

During the first quarter of fiscal 1996, the Company entered into interest rate and currency swap agreements to effectively convert \$120 million of the \$125 million of 6.6% medium-term notes into Spanish peseta liabilities with maturities of three to ten years. In the second quarter of fiscal 1996, the Company entered into forward starting interest rate and currency swap agreements which will, in October 1996, effectively convert \$64 million of U.S. dollar liabilities into Spanish peseta liabilities with maturities of three to five years. In the third quarter of fiscal 1996, the Company entered into a forward starting interest rate and currency swap agreement which will, in October 1996, effectively convert \$31 million of U.S. dollar liabilities into Spanish peseta liabilities with a maturity of seven years.

The estimated fair value of the Company's long-term debt, including current portion, as of 30 June 1996 was \$1,937 million compared to a book value of \$1,875 million. As of 30 September 1995, the estimated fair value was \$1,454 million as compared to a book value of \$1,367 million.

During the third quarter of fiscal 1996, the company bought back .4 million shares of its common stock as part of a program to purchase approximately 10 percent of its 112 million shares outstanding for financial reporting purposes.

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) Financial Data Schedule which is submitted electronically to the Securities and Exchange Commission for information only, and not filed.
- (b) Current Reports on Form 8-K dated 11 April 1996 and 23 April 1996 were filed by the registrant during the quarter ended 30 June 1996 in which Item 5 of such forms were 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: August 12, 1996

By: /s/ A. H. Kaplan

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

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

EXHIBITS

To

FORM 10-Q

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

For the quarter ended 30 June 1996

Commission File No. 1-4534

AIR PRODUCTS AND CHEMICALS, INC.
(Exact name of registrant as specified in its charter)

INDEX TO EXHIBITS

- (a)(12) Computation of Ratios of Earnings to Fixed Charges.
- (a)(27) Financial Data Schedule, which is submitted electronically to the Securities and Exchange Commission for information only, and not filed.

AIR PRODUCTS AND CHEMICALS, INC., AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Unaudited)

	Year Ended 30 September					Nine Months Ended 30 June
	1991	1992	1993	1994	1995	1996
(Millions of dollars)						
EARNINGS:						
Income before extraordinary item and the cumulative effect of accounting changes:	\$249	\$277	\$201	\$234	\$368	\$322
Add (deduct):						
Provision for income taxes	114	131	103	95	186	154
Fixed charges, excluding capitalized interest	122	133	127	127	148	131
Capitalized interest amortized during the period	7	8	8	8	9	6
Undistributed earnings of less-than-fifty-percent-owned affiliates	(9)	(13)	(8)	(3)	(25)	(27)
Earnings, as adjusted	\$483	\$536	\$431	\$461	\$686	\$586
FIXED CHARGES:						
Interest on indebtedness, including capital lease obligations	\$113	\$125	\$118	\$118	\$139	\$122
Capitalized interest	29	4	6	10	18	14
Amortization of debt discount premium and expense	2	1	1	1	--	1
Portion of rents under operating leases representative of the interest factor	7	7	8	8	9	8
Fixed charges	\$151	\$137	\$133	\$137	\$166	\$145
RATIO OF EARNINGS TO FIXED CHARGES:	3.2	3.9	3.2	3.4	4.1	4.0

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
US DOLLARS

9-MOS	SEP-30-1996	OCT-01-1995	JUN-30-1996
	1	0	91
	690	14	392
	1,433	4,056	7,909
	1,139	6,472	1,850
	0	0	0
	6,472	2,464	125
	2,957	2,957	2,464
	1,763	1,763	2,957
	84	84	1,763
	4	4	84
	94	94	4
	475	475	94
	322	322	475
	0	0	322
	0	0	2.88
	322	322	2.88
	2.88	2.88	0
	2.88	2.88	322