

Strategy for Success

Innovation, Integration and Improvement

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Global Industrials and

Basic Materials Conference

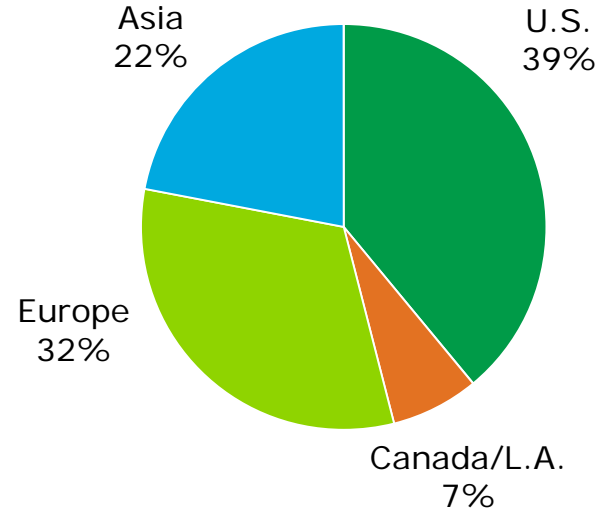
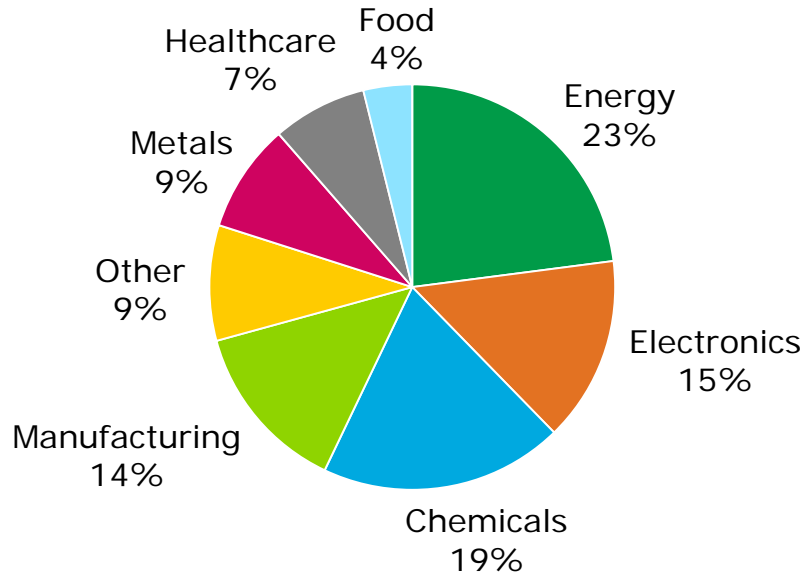
June 14, 2011

Forward-Looking Statements

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Air Products At a Glance

- \$9B in revenues across diverse markets and geographies
- Positioned for continued long-term value creation



Air Products Supply Modes

Stability and Profitable Growth

Onsite/Pipeline



15-20 year Contracts
Limited Volume Risk
Energy Pass through

Package Gases & Specialty Materials



Short-Term Contracts
Differentiated
Positions

Liquid/Bulk

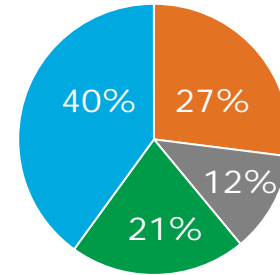


3-5 year Contracts
Cost Recovery

Equipment & Services



Sale of Equipment
PO Based



- Onsite/Pipeline
- Packaged Gases & Specialty Material
- Equipment & Services
- Liquid/Bulk

A Strategy for Success



Generating Shareholder Value

Winning in energy, environmental and emerging Markets



Winning In the Markets

**Accelerating
Growth**

Air Products Advantage

Global Trends

Customers

Productivity

Quality

Industrial Gas Fundamentals

Applications

Environmental Needs

Efficiency

Global Trends Drive Growth

Increasing Energy Demand



- Refining
- Gasification

Environmental Focus



- Refining
- Glass
- Coatings & Construction

Emerging Markets



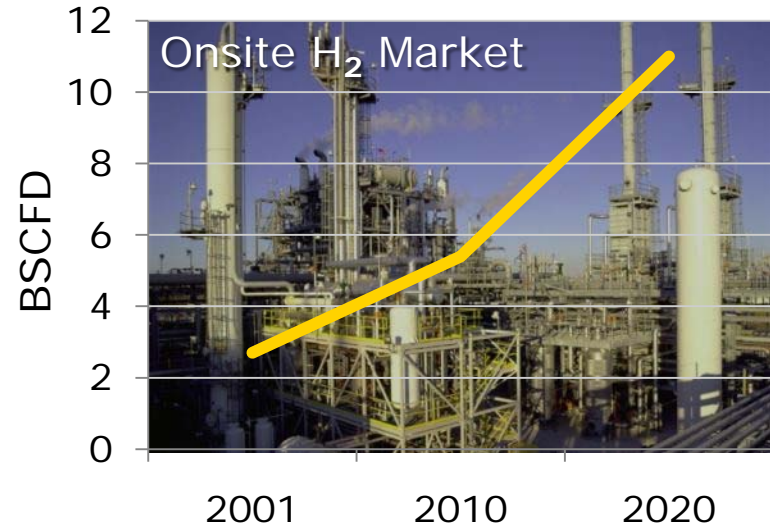
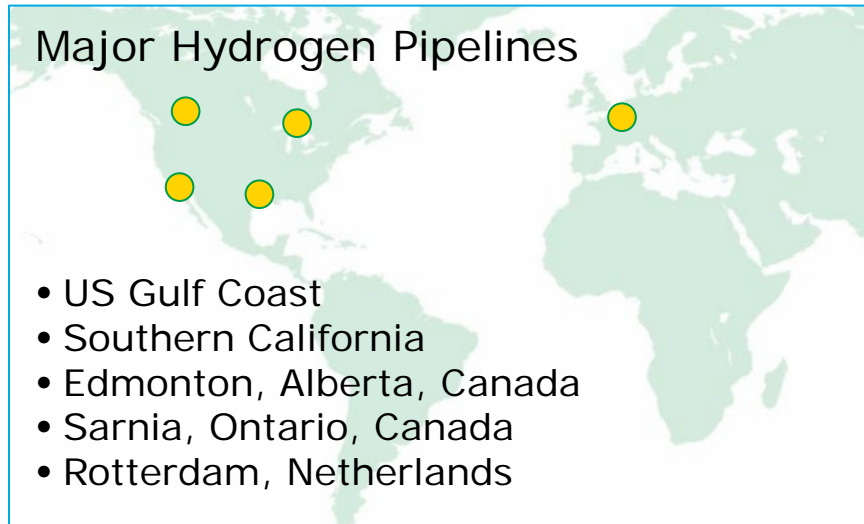
- Metals
- Chemicals
- Food
- Electronics

Digital Revolution



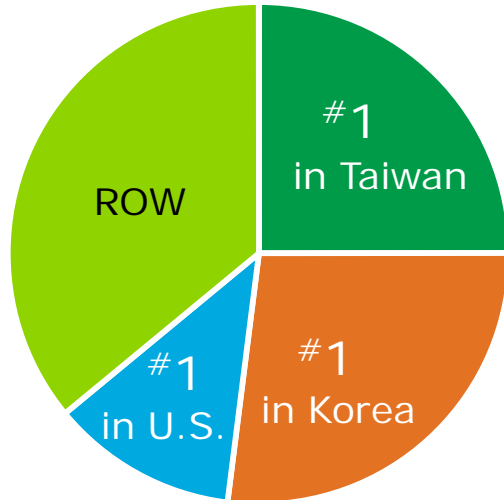
- Semiconductor
- Display

Air Products Advantage: Hydrogen Leadership



#1 market share for over two decades

Air Products Advantage: Electronics Leadership



300mm Fab Capacity



Key customer and geographic positions

Air Products Advantage: Asia Merchant Leadership



#1 positions in high growth markets

Air Products Advantage: Profitable Joint Ventures in High Growth Regions



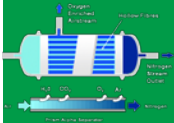



\$2.3B revenue on 100% basis

Executing on innovation, integration and improvement **Actions**

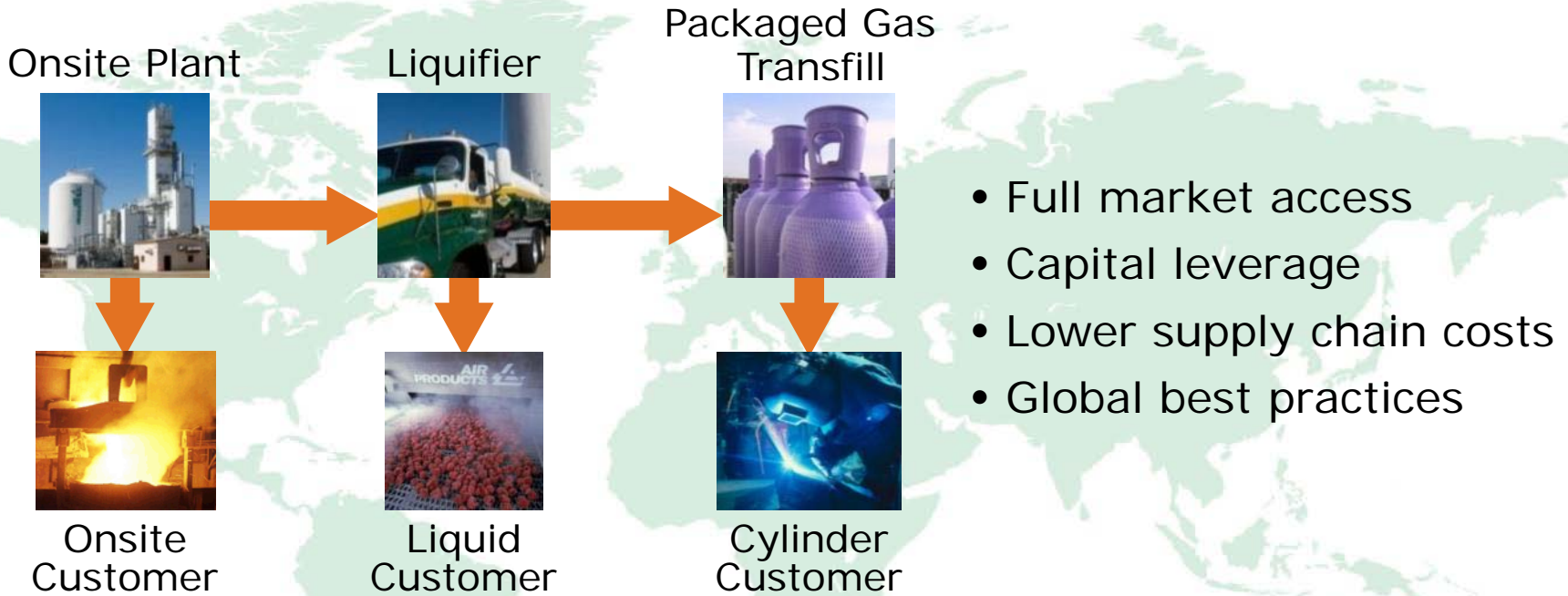


Innovation Built on Core Competencies

Core Competencies	Key Offerings	Markets
 <p>Combustion</p>	<p>Gas Applications Oxy-Fuel Burner Design</p>	<p>Refining Gasification</p>
 <p>Process Technology</p>	<p>Gas Production & Delivery ASU, SMR, LNG, ITM</p>	<p>Chemicals Steel</p>
 <p>Separations</p>	<p>Electronics Thin film precursors</p>	<p>Glass Food</p>
 <p>Materials and Chemistry</p>	<p>PMD Performance Additives</p>	<p>Fabrication Semiconductor Coatings</p>

Creating customer value through these combinations

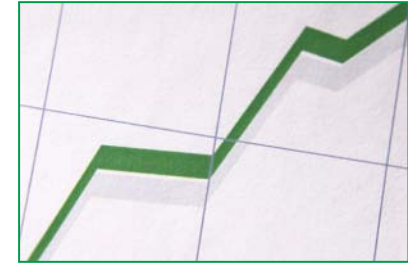
Integrated Industrial Gas Model



Delivers higher growth and profitability

A Culture of Improvement Delivers Results

- Investment in people, process and tools
- Leadership accountability and individual responsibility
- Data-driven



Growth

- New offerings
- Capacity expansions
- Acquisition synergy

Productivity

- Product cost reduction
- Distribution efficiency
- Receivables reduction

Pricing

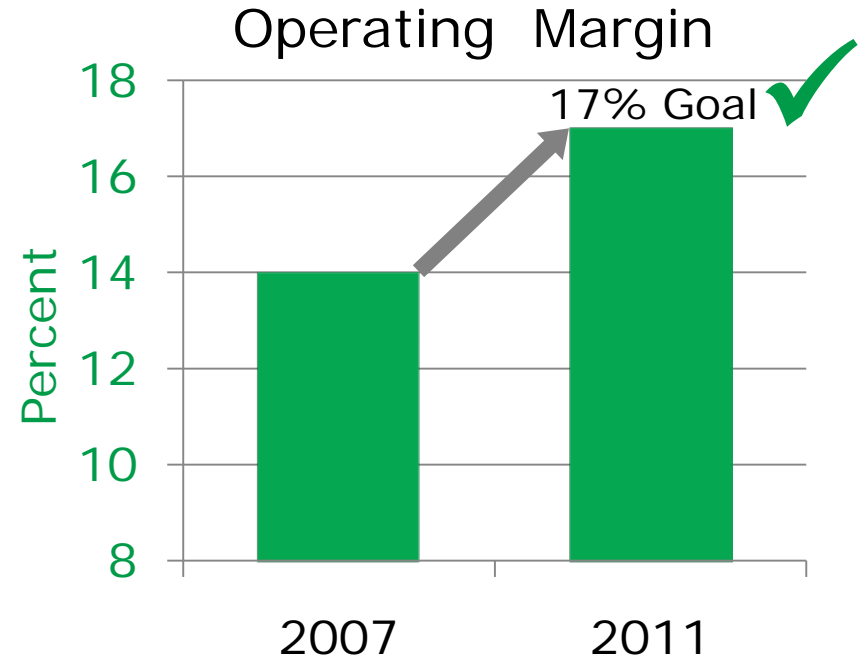
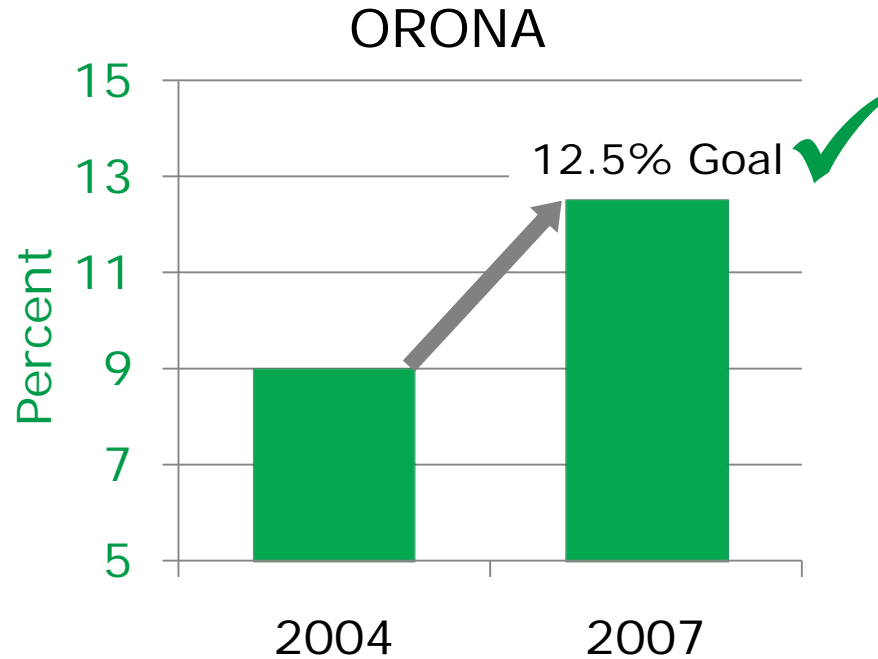
- Pricing tools and skills development
- Materials sourcing
- Leveraging SAP

4%–5% annual cost reduction

Delivering on revenue, margin and return **Goals**



We Deliver on Our Commitments



See appendix for GAAP reconciliation

Revenue
Growth

11%-13%
per year

From \$9B
in 2010
to
\$15B+ in 2015

Operating
Margin

20%

From 16.5%
in 2010
to
20% in 2015

Return on
Capital

15%

From 12.5%
in 2010
to
15% in 2015

Thank you...
tell me more

Appendix

Appendix – Non GAAP Results

1) FY06-FY10 Non GAAP Operating Income/Operating Margin

(\$mm)	<u>FY06</u>	<u>FY07</u>	<u>FY08</u>	<u>FY09</u>	<u>FY10</u>
Sales	7,885.0	9,148.2	10,414.5	8,256.2	9,026.0
GAAP Operating Income	1,042.0	1,375.6	1,495.8	846.3	1,389.0
<u>Non GAAP Adjustments</u>					
Global Cost Reduction Plan	72.1	13.7		298.2	
Gain on Contract Settlement		(36.8)			
Pension Settlement		10.3	26.3	8.0	
Donation/Sale of Cost Investment		(5.0)			
Customer Bankruptcy and Asset Actions				32.1	
Acquisition - Related Costs					96.0
Total Non GAAP Adjustments	72.1	(17.8)	26.3	338.3	96.0
Non-GAAP Operating Income	1,114.1	1,357.8	1,522.1	1,184.6	1,485.0
Non-GAAP Operating Margin	14.1%	14.8%	14.6%	14.3%	16.5%

2) FY10 Non GAAP Diluted EPS Continuing Ops. Attributable to Air Products

FY10 Reported EPS	\$4.74
FY10 Acquisition - Related Costs	<u>\$0.28</u>
FY10 Non GAAP EPS	<u>\$5.02</u>

3) FY11 Operating Margin and ROCE excludes Airgas acquisition related costs of \$48.5mm pre-tax.

Appendix – Non GAAP Results

\$ Millions Quarter Ended	ROCE Calculation				
	Q409	Q110	Q210	Q310	Q410
Numerator					
Operating Income Reported		345.0	340.6	336.4	367.0
Equity Affiliate Income		<u>26.9</u>	<u>32.2</u>	<u>32.5</u>	<u>35.3</u>
Earnings before tax as reported		371.9	372.8	368.9	402.3
Items					
Acquisition - Related Costs		<u>0.0</u>	<u>23.4</u>	<u>37.9</u>	<u>34.7</u>
Earnings before tax ex items		371.9	396.2	406.8	437.0
Effective tax rate as reported		24.5%	24.7%	22.9%	25.2%
Earnings after tax as reported		280.8	280.7	284.4	300.9
Effective tax rate ex items		24.5%	25.6%	24.4%	26.2%
Earnings after tax ex items		280.8	294.8	307.5	322.5
4 Qtr trailing AT earnings (numerator) - as reported					1,146.8
4 Qtr trailing AT Earnings (numerator) - ex items					1,205.6
Denominator					
Total Debt	4,501.5	4,418.7	4,343.4	4,188.0	4,128.3
Air Products Shareholders' Equity	4,791.9	5,033.9	5,265.6	5,231.4	5,546.9
Noncontrolling Interest	<u>138.1</u>	<u>150.2</u>	<u>152.7</u>	<u>140.5</u>	<u>150.7</u>
Total Capital	9,431.5	9,602.8	9,761.7	9,559.9	9,825.9
5 Qtr Average Capital (denominator)					9,636.4
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					11.9%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					12.5%

\$ Millions Quarter Ended	Tax Rate Calculation			
	Q110	Q210	Q310	Q410
Reported				
Income Before Taxes	340.3	343.3	338.9	371.5
Tax Expense	83.5	84.9	77.6	93.5
Tax Rate Reported	24.5%	24.7%	22.9%	25.2%
Items				
Operating Income				
Acquisition - related costs		23.4	37.9	34.7
Tax Exp				
Acquisition - related costs		8.8	14.2	12.9
Ex Items				
Income Before Taxes	340.3	366.7	376.8	406.2
Tax Expense	83.5	93.7	91.8	106.4
Tax Rate ex Items	24.5%	25.6%	24.4%	26.2%

Capital Expenditures	FY10
GAAP Capital Expenditures	1,133.8
Capital lease expenditures	122.6
Noncurrent liability related to purchase of shares from noncontrolling interests	<u>42.0</u>
Non-GAAP Capital Expenditures	1,298.4