Strategy for Success
Innovation, Integration and Improvement

Corning Painter
Senior Vice President
Corporate Strategy, Technology and Supply Chain

Citi's Basic Materials Symposium
New York, November 2011
Forward Looking Statement

NOTE: This presentation contains “forward-looking statements” within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including earnings guidance, projections and targets. These forward-looking statements are based on management’s reasonable expectations and assumptions as of the date of this presentation. Actual performance and financial results may differ materially from projections and estimates expressed in the forward-looking statements because of many factors not anticipated by management, including, without limitation, renewed deterioration in global economic and business conditions, including weakening demand for the Company's products and inability to maintain pricing; future financial and operating performance of major customers and industries served by the Company; unanticipated contract terminations or customer cancellations or postponement of projects and sales; the success of commercial negotiations; asset impairments due to economic conditions or specific product or customer events; the impact of competitive products and pricing; interruption in ordinary sources of supply of raw materials; the Company’s ability to recover energy and raw material costs from customers; the Company’s ability to maintain and improve cost efficiency of operations; costs and outcomes of litigation or regulatory activities; successful development and market acceptance of new products and applications, the ability to attract, hire and retain qualified personnel in all regions of the world where the Company operates; the success of cost reduction and productivity programs; the timing, impact, and other uncertainties of future acquisitions, divestitures and restructuring activities; significant fluctuations in interest rates and foreign currencies from that currently anticipated; the continued availability of capital funding sources in all of the Company's foreign operations; the impact of environmental, healthcare, tax or other legislation and regulations in jurisdictions in which the Company and its affiliates operate; the impact of new or changed financial accounting guidance; the timing and rate at which tax credits can be utilized and other risk factors described in the Company's Form 10K for its fiscal year ended September 30, 2011. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company’s assumptions, beliefs or expectations or any change in events, conditions, or circumstances upon which any such forward-looking statements are based.
Air Products At a Glance

- $10B in revenues across diverse markets and geographies
- Positioned for continued long-term value creation

![Circle chart showing revenue distribution by market and geography.](chart.png)
Air Products Market Exposure

2010 IG Market $63B

- Food: 9%
- Electronics: 10%
- Energy: 9%
- Healthcare: 8%
- Metals: 12%
- Manufacturing: 39%
- Chemicals: 13%

2010-2015 Market Growth = 9%

2010 APD $9B

- Food: 4%
- Electronics: 15%
- Energy: 23%
- Metals: 9%
- Manufacturing: 23%
- Chemicals: 19%
- Healthcare: 7%

2010-2015 AP Growth = 10-11%
Global Industrial Gas Geographic Growth

2010 = $63B

Emerging
- Developing Asia: 10%
- China: 7%
- C/E Europe: 3%
- Africa/ME: 3%
- S/C America: 7%
- Japan: 17%
- W Europe: 27%
- US / Canada: 26%

Developed

9% Annual Growth

2015 = $96B

Developing Asia: 12%
- China: 11%
- C/E Europe: 4%
- Africa/ME: 3%
- S/C America: 9%
- Japan: 14%
- W Europe: 22%
- US / Canada: 25%

2010-2015 Growth

Billions ($)
- 0
- 5
- 10
- 15
- 20
- 25
- 30
- 35

(Values: 15%, 16%, 13%, 14%, 19%, 4%, 5%, 8%)
Air Products Advantage: Profitable Joint Ventures with Leadership Positions

<table>
<thead>
<tr>
<th>Country</th>
<th>Company</th>
<th>Sales (100%)</th>
<th>AP Ownership</th>
<th>Sales ($MM)</th>
<th>Op Inc ($MM)</th>
<th>Op Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>INFRA</td>
<td>$0.7B</td>
<td>40%</td>
<td>$10,082</td>
<td>$1,671</td>
<td>16.6%</td>
</tr>
<tr>
<td>Italy</td>
<td>SAPIO Gruppo</td>
<td>$0.6B</td>
<td>49%</td>
<td>$2,650</td>
<td>$537</td>
<td>20.3%</td>
</tr>
<tr>
<td>South Africa</td>
<td>Air Products</td>
<td>$0.2B</td>
<td>50%</td>
<td>$2,208</td>
<td>$17.3%</td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>INOX Air Products Ltd</td>
<td>$0.2B</td>
<td>50%</td>
<td>$2,208</td>
<td>$17.3%</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>BIG</td>
<td>$0.1B</td>
<td>49%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FY 2011**

<table>
<thead>
<tr>
<th></th>
<th>Air Products (as reported)</th>
<th>Equity Affiliates¹ (100% basis)</th>
<th>Combined² (AP +100% EA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales ($MM)</td>
<td>$10,082</td>
<td>$2,650</td>
<td>$12,732</td>
</tr>
<tr>
<td>Op Inc ($MM)</td>
<td>$1,671</td>
<td>$537</td>
<td>$2,208</td>
</tr>
<tr>
<td>Op Margin</td>
<td>16.6%</td>
<td>20.3%</td>
<td>17.3%</td>
</tr>
</tbody>
</table>

Partially owned JV’s create exposure to 26% more sales and 32% more op income

**Notes:**
1) Please refer to financial statements for equity affiliate accounting. 2) Non-GAAP. If Air Products was to gain controlling financial interest and then consolidate, the results would be different than shown here.
Air Products Advantage: Hydrogen Leadership

Major Hydrogen Pipelines

- US Gulf Coast
- Southern California
- Edmonton, Alberta, Canada
- Sarnia, Ontario, Canada
- Rotterdam, Netherlands

#1 market share for over two decades
Oxygen Growth driven by Asia over the Next Decade...

Oxygen Capacity (SOG plus captive)

- **2010 = 1.2 M TPD**
- **2020 = 1.8 M TPD**
- **Oppty = 0.9 M TPD** (new/replace/acquire)
Capital Spending Outlook

FY12 Forecast $1.9B-$2.2B
+20-40% from FY11

FY12 Growth CapEx by Segment

- Merchant: 62%
- Tonnage: 15%
- Energy & Equip: 7%
- Electronics & PM: 16%

FY12 Growth CapEx by Region

- Americas: 47%
- Asia: 42%
- Europe/ME: 11%
Air Products Advantage:
Asia Merchant Leadership

Asia 2011 Manufacturing Output

Countries where Air Products has #1 or #2 positions

#1 positions in high growth markets
Driving Profits through Innovation
Responding to Market Needs

- Low cost start-up food freezing solutions
  - Freshline® QS Freezer

- Safer, more convenient welding & cutting
  - Integra® Cylinder

- Improved yield, lower emission aluminum recycling
  - Advanced Low Emission Aluminum Melting
Electronics reported Revenue $1.3Billion plus $0.35B in Merchant

**Specialty Gases & Chemicals**

**Enabling Equipment**

**Onsite Gas Supply**

**Liquid/Bulk**

**FY11 Overall Revenue**

- Onsite Gas Supply: 12%
- Specialty Gases & Chemicals: 42%
- Enabling Equipment: 21%
- Liquid / Bulk: 25%
Electronics
High Growth Markets

• Growth across all key markets
  - IC silicon (MSI) = 6%
  - TFT-LCD = 8%
  - LED = 20%
  - PV = 30%

• Majority positions with industry leaders
  - #1 in IC, TFT-LCD and foundry

• #1 in Electronic industry powerhouses Korea, Taiwan and US

• New IP Product Development to meet customer technology needs
<table>
<thead>
<tr>
<th>Revenue Growth</th>
<th>11%-13% per year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From $9B in 2010 to $15B+ in 2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating Margin</th>
<th>20%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From 16.5% in 2010 to 20% in 2015</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Return on Capital</th>
<th>15%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>From 12.5% in 2010 to 15% in 2015</td>
</tr>
</tbody>
</table>
Roadmap to 20% Margin

Operating Margin (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>16.6%</td>
</tr>
<tr>
<td>2015</td>
<td>16.6%</td>
</tr>
</tbody>
</table>

2015 Operating Margin
- Productivity: 1.4%
- Growth: 2%

2011 Operating Margin: 16.6%
Driving Returns Higher

- **Margin Improvement**: 1.2%
- **Capital Turnover**: .5%

**ROCE (%)**
- 2011: 13.3%
- 2015: 13.3%
Driving Capital Cost Lower

Large ASU

Electronics Nitrogen

>50% Savings

>30% Savings
Cash Priorities Remain Consistent

• Invest in the best return projects
• Maintain A bond rating
• Dividend increase each year
• Share repurchase with excess cash

29 years of dividend increase
$15+ Billion in Sales
20% Operating Margin
15% Return on Capital Employed
Air Products Supply Modes

Stability and Profitable Growth

Onsite/Pipeline
- 15-20 year Contracts
- Limited Volume Risk
- Energy Pass through
- 21%

Liquid/Bulk
- 3-5 year Contracts
- Cost Recovery
- 11%

Equipment & Services
- Sale of Equipment
- PO Based
- 41%

Package Gases & Specialty Materials
- Short-Term Contracts
- Differentiated Positions
- 27%

FY11

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

Operating Service Center

SG&A as a % of Sales

$50MM/year improvement
Strong Growth Opportunities Drive Disciplined Investment

- Maintenance: 15%
- Acquisition: 15%
- Growth: 70%

$13-14B Capital Spending - 2011 to 2015