Strategy for Success
Innovation, Integration and Improvement

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Chairman, President and CEO

William Blair & Company
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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

![Pie charts showing market and geographical distribution]
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

- 40%
- 27%
- 21%
- 12%

- Onsite/Pipeline
- Packaged Gases & Specialty Material
- Equipment & Services
- Liquid/Bulk
A Strategy for Success

Winning in energy, environmental and emerging Markets

Executing on innovation, integration and improvement Actions

Delivering on revenue, margin and return Goals

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

Major Hydrogen Pipelines

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

#1 market share for over two decades
Air Products Advantage: Electronics Leadership

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

Mexico

Italy

South Africa

India

Thailand

$2.3B revenue on 100% basis
Executing on innovation, integration and improvement Actions
Innovation Built on Core Competencies

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

Creating customer value through these combinations
Integrated Industrial Gas Model

- Full market access
- Capital leverage
- Lower supply chain costs
- Global best practices

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

ORONA

- 12.5% Goal (2004: 9%, 2007: 13%)
- See appendix for GAAP reconciliation

Operating Margin

- 17% Goal (2007: 14%, 2011: 18%)
- 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

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

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

- FY10 Reported EPS $4.74
- FY10 Acquisition - Related Costs $0.28
- FY10 Non GAAP EPS $5.02

3) FY11 Operating Margin and ROCE excludes Airgas acquisition related costs of $48.5mm pre-tax.
# Appendix – Non GAAP Results

## Numerator

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Q409</th>
<th>Q110</th>
<th>Q210</th>
<th>Q310</th>
<th>Q410</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income Reported</td>
<td>345.0</td>
<td>340.6</td>
<td>336.4</td>
<td>367.0</td>
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<tr>
<td>Equity Affiliate Income</td>
<td>26.9</td>
<td>32.2</td>
<td>32.5</td>
<td>35.3</td>
<td></td>
</tr>
<tr>
<td>Earnings before tax as reported</td>
<td>371.9</td>
<td>372.8</td>
<td>368.9</td>
<td>402.3</td>
<td></td>
</tr>
</tbody>
</table>

### Items

- **Acquisition - Related Costs**: 0.0, 23.4, 37.9, 34.7
- **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

### Income before tax

- **Operating Income**: 371.9, 372.8, 368.9, 402.3
- **Tax Rate Reported**: 24.5%, 24.7%, 22.9%, 25.2%

### Itemized Income and Expenses

- **Acquisition - related costs**: 0.0, 23.4, 37.9, 34.7
- **Operating Income**: 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%

## Denominator

<table>
<thead>
<tr>
<th>Quarter Ended</th>
<th>Q110</th>
<th>Q210</th>
<th>Q310</th>
<th>Q410</th>
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</thead>
<tbody>
<tr>
<td>Total Debt</td>
<td>4,501.5</td>
<td>4,418.7</td>
<td>4,343.4</td>
<td>4,188.0</td>
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<tr>
<td>Air Products Shareholders’ Equity</td>
<td>4,791.9</td>
<td>5,033.9</td>
<td>5,265.6</td>
<td>5,231.4</td>
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<tr>
<td>Noncontrolling Interest</td>
<td>138.1</td>
<td>150.2</td>
<td>152.7</td>
<td>140.5</td>
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<tr>
<td><strong>Total Capital</strong></td>
<td>9,431.5</td>
<td>9,602.8</td>
<td>9,761.7</td>
<td>9,559.9</td>
</tr>
<tr>
<td><strong>5 Qtr Average Capital (denominator)</strong></td>
<td>9,636.4</td>
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<td></td>
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</tbody>
</table>

### ROCE Calculation

- **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%

### Capital Expenditures

- **GAAP Capital Expenditures**: 1,133.8
- **Capital lease expenditures**: 122.6
- **Noncurrent liability related to purchase of shares from noncontrolling interests**: 42.0
- **Non-GAAP Capital Expenditures**: 1,298.4