



Q3 FY' 10 Earnings Conference Call

July 22, 2010





Forward Looking Statement

This presentation contains “forward-looking statements” within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including earnings guidance and comments regarding the Company’s proposed acquisition of Airgas, Inc. These forward-looking statements are based on management’s reasonable expectations and assumptions as of the date this presentation is made regarding important risk factors. 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, stalling of the global economic recovery; renewed deterioration in economic and business conditions; poor demand for the Company’s products; future financial and operating performance of major customers and industries served by the Company; inability to collect receivables from or recovery of payments made by customers in bankruptcy proceedings; unanticipated contract terminations or customer cancellations or postponement of projects and sales; asset impairments due to economic conditions or specific product or customer events; unexpected costs associated with the Company’s cash tender offer for Airgas, Inc.; costs of future restructuring actions which are not currently planned or anticipated; the impact of competitive products and pricing; interruption in ordinary sources of supply of raw materials; the ability to recover unanticipated increased energy and raw material costs from customers; costs and outcomes of litigation or regulatory activities; charges related to current portfolio management and cost reduction actions; the success of implementing cost reduction programs; failure to consummate the tender offer for Airgas, Inc., including inability to obtain final regulatory approval; failure to achieve anticipated acquisition synergies; unanticipated acquisition integration costs; the timing, impact, and other uncertainties of future acquisitions or divestitures; 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 new or changed 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, 2009. 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.



ADDITIONAL INFORMATION

On February 11, 2010, Air Products Distribution, Inc. ("Purchaser"), a wholly owned subsidiary of Air Products and Chemicals, Inc. ("Air Products"), commenced a cash tender offer for all the outstanding shares of common stock of Airgas, Inc. ("Airgas") not already owned by Air Products, subject to the terms and conditions set forth in the Offer to Purchase dated as of February 11, 2010 (the "Offer to Purchase"). The purchase price to be paid upon the successful closing of the cash tender offer is \$63.50 per share in cash, without interest and less any required withholding tax, subject to the terms and conditions set forth in the Offer to Purchase, as amended. The offer is scheduled to expire at midnight, New York City time, on Friday, August 13, 2010, unless further extended in the manner set forth in the Offer to Purchase.

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. The tender offer is being made pursuant to a tender offer statement on Schedule TO (including the Offer to Purchase, a related letter of transmittal and other offer materials) filed by Air Products with the U.S. Securities and Exchange Commission ("SEC") on February 11, 2010. **INVESTORS AND SECURITY HOLDERS OF AIRGAS ARE URGED TO READ THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Investors and security holders can obtain free copies of these documents and other documents filed with the SEC by Air Products through the web site maintained by the SEC at <http://www.sec.gov>. The Offer to Purchase and related materials may also be obtained for free by contacting the Information Agent for the tender offer, MacKenzie Partners, Inc., at 212-929-5500 or toll-free at 800-322-2885.

Air Products has filed a preliminary proxy statement on Schedule 14A with the SEC on June 16, 2010 in connection with the solicitation of proxies for the 2010 annual meeting of Airgas stockholders. Air Products expects to file a definitive proxy statement with the SEC in connection with the solicitation of proxies for the 2010 annual meeting of Airgas stockholders and may file other proxy solicitation material in connection therewith. Any definitive proxy statement will be mailed to shareholders of Airgas. **INVESTORS AND SECURITY HOLDERS OF AIRGAS ARE URGED TO READ THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY AS THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by Air Products through the web site maintained by the SEC at <http://www.sec.gov>. These materials may also be obtained for free by contacting Air Products' proxy solicitor for the 2010 Airgas annual meeting, MacKenzie Partners, Inc., at 212-929-5500 or toll-free at 800-322-2885.

CERTAIN INFORMATION REGARDING PARTICIPANTS

Air Products, Purchaser, and certain of their respective directors and executive officers and the Air Products nominees may be deemed to be participants in the proposed transaction under the rules of the SEC. Security holders may obtain information regarding the names, affiliations and interests of Air Products' directors and executive officers in Air Products' Annual Report on Form 10-K for the year ended September 30, 2009, which was filed with the SEC on November 25, 2009, and its proxy statement for the 2010 Annual Meeting, which was filed with the SEC on December 10, 2009; and of Purchaser's directors and executive officers in the Offer to Purchase. Information about the Air Products nominees will be included in the definitive proxy statement Air Products intends to file with the SEC relating to the 2010 annual meeting of Airgas stockholders. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will also be included in the definitive proxy statement and other relevant materials to be filed by Air Products with the SEC.



Q3 Financials*

(\$millions, Continuing Operations)	Q3 FY10	Fav/(Unfav) vs.	
		Q3 FY09	Q2 FY10
Sales	\$2,252	14%	-%
- Underlying business		12%	4%
- Energy/RM pass-thru		3%	(2%)
- Currency		(1%)	(2%)
Operating Income	\$374	22%	3%
Operating Margin (%)	16.6%	100bp	40bp
Net Income	\$277	23%	4%
Diluted EPS (\$/share)	\$1.28	22%	4%
ROCE (%)	12.0%	100bp	40bp



Q3 EPS Analysis

	<u>Q3 FY10</u>	<u>Q3 FY09</u>	<u>Change</u>
As-reported diluted EPS	\$1.17	\$0.53	
- discontinued ops inc	-	(0.01)	
- PY items (reference slide #17)	-	(0.51)	
- acquisition-related exp	<u>(0.11)</u>	<u>-</u>	
Adjusted cont ops EPS	<u>\$1.28</u>	<u>\$1.05</u>	<u>\$0.23</u>
Volume			\$0.36
Price / raw materials			(0.09)
Cost			(0.01)
Currency			(0.02)
EA income/Noncontrolling interest			0.00
Higher interest expense			(0.01)
Lower tax rate			0.02
Higher shares outstanding			(0.02)
Increase			<u>\$0.23</u>

} \$0.26



Merchant Gases

	<u>Q3 FY10</u>	<u>Fav/(Unfav) vs.</u>	
		<u>Q3 FY09</u>	<u>Q2 FY10</u>
Sales	\$915	4%	(1%)
- Volume		7%	4%
- Price		(1%)	(1%)
- Currency		(2%)	(4%)
Operating Income	\$176	5%	(1%)
Operating Margin	19.3%	20bp	-

- Volume increase led by Asia, and continuing improvement in North America and Europe liquid bulk
- Prices weaker on mix and LHy (natural gas pass-thru)



Merchant Gases: Q3 Sales Analysis vs PY

	<u>North America</u>	<u>Europe</u>	<u>Asia</u>
Sales % change	4%	(2%)	27%
- Volume	6%	4%	22%
- Price	(2%)	(1%)	1%
- Currency	-	(5%)	4%

- North America driven by argon and hydrogen
- Europe liquid/bulk continues to improve, packaged gases remains weak
- Asia strong recovery continues

Note: The above excludes Latin America and small on-sites sale of equipment businesses.



Tonnage Gases

		<u>Fav/(Unfav) vs.</u>	
	<u>Q3 FY10</u>	<u>Q3 FY09</u>	<u>Q2 FY10</u>
Sales	\$725	28%	(4%)
- Volume		19%	4%
- Energy/RM pass thru		9%	(7%)
- Currency		-%	(1%)
Operating Income	\$120	37%	12%
Operating Margin	16.5%	100bp	230bp

- Volumes up on new plant on-streams
- Improvement in chemicals and steel markets
- Major new project awards



Electronics & Performance Materials

		Fav/(Unfav) vs.	
	<u>Q3 FY10</u>	<u>Q3 FY09</u>	<u>Q2 FY10</u>
Sales	\$497	21%	10%
- Volume		21%	11%
- Price		(1%)	-%
- Currency		1%	(1%)
Operating Income	\$62	60%	9%
Operating Margin	12.6%	310bp	-
● Electronics sales		18%	11%
● Performance Materials sales		26%	10%



Equipment & Energy

		Fav/(Unfav) vs.	
	<u>Q3 FY10</u>	<u>Q3 FY09</u>	<u>Q2 FY10</u>
Sales	\$116	(3%)	(3%)
Operating Income	\$21	61%	16%
Sales Backlog	\$302	19%	(12%)

- Favorable project performance
- Increased LNG activity



Outlook

Q4 FY'10 EPS **\$1.27-\$1.33**

- Continued recovery/loading
- Higher Electronics & Perf Materials results

FY'10 EPS **\$4.94-\$5.00**

- CapEx forecast unchanged, ~\$1.3B to \$1.5B
- Tax rate guidance unchanged, ~25%-26%
- Currency headwind



Airgas path forward

Tender offer

- Revised offer effective 09 July
- Offer scheduled to expire on 13 August
- Financing fully committed

Shareholder meeting

- Expected by September 17
- 3 independent BOD nominees
- Proposed by-law changes

Regulatory process

- Negotiating consent decree

Litigation proceeding

**Air Products
committed to
completing
transaction**

Appendix Slides

Q3 FY'10 Earnings



Appendix: Q3 Sales Analysis

<u>Change versus</u>	<u>Q3 FY09</u>	<u>Q2 FY10</u>
Total Consolidated	14%	-%
Comprised of:		
● Base business growth	12%	4%
– Volume	13%	4%
– Price	(1%)	-%
● Energy/RM pass thru	3%	(2%)
● Currency	(1%)	(2%)



Appendix: Q310 Results

(\$ Millions, except per share data)

	GAAP Measure				Non GAAP Adjustments		Non GAAP Measure			
	Q310	Q309	\$ Change	% Change	Q310 (1)	Q309 (2)	Q310	Q309	\$ Change	% Change
Q310 vs. Q309 - Total Co.										
Sales	2,252.3	1,976.2	276.1	14%			2,252.3	1,976.2	276.1	14%
Operating Income	336.4	143.8	192.6	134%	37.9	164.1	374.3	307.9	66.4	22%
Operating Margin	14.9%	7.3%		760bp			16.6%	15.6%		100bp
Income From Continuing Ops	253.2	114.6	138.6	121%	23.7	110.2	276.9	224.8	52.1	23%
Diluted EPS - Continuing Ops	\$1.17	\$0.54	\$0.63	117%	\$0.11	\$0.51	\$1.28	\$1.05	\$0.23	22%
			\$	%					\$	%
Q310 vs. Q210 - Total Co.										
Sales	2,252.3	2,249.0	3.3	0%			2,252.3	2,249.0	3.3	0%
Operating Income	336.4	340.6	(4.2)	(1%)	37.9	23.4	374.3	364.0	10.3	3%
Operating Margin	14.9%	15.1%		(20bp)			16.6%	16.2%		40bp
Income From Continuing Ops	253.2	252.0	1.2	0%	23.7	14.6	276.9	266.6	10.3	4%
Diluted EPS - Continuing Ops	\$1.17	\$1.16	\$0.01	1%	\$0.11	\$0.07	\$1.28	\$1.23	\$0.05	4%

(1) Acquisition - related costs

(2) Q309 Non GAAP Adjustments

	Op Inc	Inc. From Cont. Ops	EPS
Global Cost Reduction Plan	124.0	84.2	\$0.39
Pension Settlement	8.0	5.0	\$0.02
Customer Bankruptcy and Asset Actions	32.1	21.0	\$0.10
Total Adjustments	164.1	110.2	\$0.51



Appendix: ROCE

\$ Millions Quarter Ended	Q108	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	Q210	Q310
Numerator											
Operating Income Reported		348.6	393.7	373.1	114.1	260.4	143.8	328.0	345.0	340.6	336.4
Equity Affiliate Income		<u>42.4</u>	<u>46.5</u>	<u>30.8</u>	<u>24.5</u>	<u>27.0</u>	<u>28.5</u>	<u>32.2</u>	<u>26.9</u>	<u>32.2</u>	<u>32.5</u>
Earnings before tax as reported		391.0	440.2	403.9	138.6	287.4	172.3	360.2	371.9	372.8	368.9
Global Cost Reduction Plan		0.0	0.0	0.0	174.2	0.0	124.0	0.0	0.0	0.0	0.0
Pension Settlement Charge		26.3	0.0	0.0	0.0	0.0	8.0	0.0	0.0	0.0	0.0
Customer Bankruptcy and Asset Actions		0.0	0.0	0.0	0.0	0.0	32.1	0.0	0.0	0.0	0.0
Acquisition - Related Costs		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>23.4</u>	<u>37.9</u>
Earnings before tax ex items		417.3	440.2	403.9	312.8	287.4	336.4	360.2	371.9	396.2	406.8
Effective tax rate as reported		25.3%	25.0%	23.3%	7.3%	26.0%	18.1%	26.0%	24.9%	25.2%	23.5%
Earnings after tax as reported		292.1	330.2	309.8	128.5	212.7	141.1	266.5	279.3	278.9	282.2
Effective tax rate ex items		26.1%	25.0%	23.3%	24.0%	26.0%	26.1%	26.0%	24.9%	26.0%	24.9%
Earnings after tax ex items		308.4	330.2	309.8	237.7	212.7	248.6	266.5	279.3	293.2	305.5
4 Qtr trailing AT earnings (numerator) - as reported					1,060.6	981.2	792.1	748.8	899.6	965.8	1,106.9
4 Qtr trailing AT Earnings (numerator) - ex items					1,186.1	1,090.4	1,008.8	965.5	1,007.1	1,087.6	1,144.5
Denominator											
Total Debt	3,972.5	4,383.9	4,027.3	3,966.8	4,169.2	4,102.4	4,145.2	4,501.5	4,418.7	4,343.4	4,188.0
Air Products Shareholders' Equity	5,603.0	5,524.3	5,568.7	5,030.7	4,726.1	4,638.1	4,928.3	4,791.9	5,033.9	5,265.6	5,231.4
Noncontrolling Interest	<u>99.3</u>	<u>117.4</u>	<u>115.5</u>	<u>136.2</u>	<u>137.9</u>	<u>126.7</u>	<u>134.6</u>	<u>138.1</u>	<u>150.2</u>	<u>152.7</u>	<u>140.5</u>
Total Capital	9,674.8	10,025.6	9,711.5	9,133.7	9,033.2	8,867.2	9,208.1	9,431.5	9,602.8	9,761.7	9,559.9
5 Qtr Average Capital (denominator)					9,515.8	9,354.2	9,190.7	9,134.7	9,228.6	9,374.3	9,512.8
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					11.1%	10.5%	8.6%	8.2%	9.7%	10.3%	11.6%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					12.5%	11.7%	11.0%	10.6%	10.9%	11.6%	12.0%



Appendix: ROCE Tax Rate

	Q208	Q308	Q408	Q109	Q209	Q309	Q409	Q110	Q210	Q310
<u>Reported</u>										
Income from Cont. Ops. Bef. Tax	352.1	400.7	361.1	102.1	257.4	144.8	332.3	340.3	343.3	338.9
Noncontrolling Interest	(4.5)	(7.6)	(4.8)	(5.0)	(1.6)	(4.8)	-	(5.0)	(6.4)	(8.1)
Income from Cont. Ops. Before Tax, after Noncontrolling Interest	347.6	393.1	356.3	97.1	255.8	140.0	332.3	335.3	336.9	330.8
Tax Expense	87.8	98.1	82.9	7.1	66.5	25.4	86.3	83.5	84.9	77.6
Tax Rate Reported	25.3%	25.0%	23.3%	7.3%	26.0%	18.1%	26.0%	24.9%	25.2%	23.5%
<u>ITEMS</u>										
<u>Operating Income</u>										
Global Cost Reduction Plan				174.2		124.0				
Pension Settlement Charge	26.3					8.0				
Customer Bankruptcy and Asset Actions						32.1				
Acquisition - related costs								23.4		37.9
<u>Tax Exp</u>										
Global Cost Reduction Plan				58.1		39.8				
Supp. Pension Plan Charge	9.8					3.0				
Tax adjustments										
Customer Bankruptcy and Asset Actions						11.1				
Acquisition - related costs								8.8		14.2
<u>Ex Items</u>										
Income from Cont. Ops. Before Tax	373.9	393.1	356.3	271.3	255.8	304.1	332.3	335.3	360.3	368.7
Tax Expense	97.6	98.1	82.9	65.2	66.5	79.3	86.3	83.5	93.7	91.8
Tax Rate ex Items	26.1%	25.0%	23.3%	24.0%	26.0%	26.1%	26.0%	24.9%	26.0%	24.9%



Appendix: *FY10 Guidance*

FY10 Guidance vs. FY09

	<u>Diluted EPS Continuing Ops</u>
FY09 GAAP	<u>\$3.00</u>
FY09 Global Cost Reduction Plan	\$0.94
FY09 Pension Settlement	\$0.02
FY09 Customer Bankruptcy and Asset Actions	<u>\$0.10</u>
FY09 Non GAAP	<u>\$4.06</u>
FY10 Guidance (1)	\$4.94-\$5.00
FY09 GAAP	<u>\$3.00</u>
% Change GAAP	65%σ67%
FY10 Guidance (1)	\$4.94-\$5.00
FY09 Non GAAP	<u>\$4.06</u>
% Change Non GAAP	22%σ23%

(1) Excludes acquisition - related costs



Thank you

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