Strategy for Success
Innovation, Integration and Improvement

Paul Huck
Senior Vice President and Chief Financial Officer

Bank of America Merrill Lynch
Global Industrials and Materials Conference
September 2012
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 statements about project revenues and margins, projections, targets and production expectations. These forward-looking statements are based on management's reasonable expectations and assumptions as of the date of this release. 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, deterioration in global or regional economic and business conditions; weakening demand for the Company’s products and services; future financial and operating performance of major customers; unanticipated contract terminations or customer cancellations or postponement of projects and sales; the success of commercial negotiations; asset impairments or losses due to a decline in profitability of or demand for certain of the Company’s products or businesses, or specific product or customer events; 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; successful development and market acceptance of new products and applications; the ability to attract, hire and retain skilled workers; the success and impact of restructuring and cost reduction initiatives and productivity programs; the timing, impact, and other uncertainties of future acquisitions or divestitures; achieving anticipated acquisition synergies; significant fluctuations in interest rates and foreign currencies from that currently anticipated; the continued availability of capital funding sources for all of the Company’s 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 impact on the effective tax rate of changes in the mix of earnings among our U.S. and international operations; efficacy or safety concerns with respect to the Company’s technology or operations; the inability to obtain necessary regulatory approvals; difficulty or excessive cost of and/or the infringement of patents or intellectual property rights of others 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

![Pie charts showing market segments and regions]

- FY 2011 revised to exclude European homecare services
Air Products Supply Modes
Stability and Profitable Growth

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

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

Package Gases & Specialty Materials
- Short-term Contracts
- Differentiated Positions

Equipment & Services
- Sale of Equipment
- PO Based

FY 2011 revised to exclude European homecare services
FY 2012 Progress

- Macro headwinds
  - Weaker manufacturing growth
  - Stronger U.S. dollar
- Restructuring / productivity
- Strong capital project signings / backlog
- Growing LNG equipment backlog
- Portfolio management actions
  - Europe homecare services
  - Indura
  - DA Nano
  - AHG
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
<table>
<thead>
<tr>
<th>Revenue Growth</th>
<th>Operating Margin</th>
<th>Return on Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>11%-13% per year</td>
<td>20%</td>
<td>15%</td>
</tr>
<tr>
<td>From $9B in 2010 to $15B+ in 2015</td>
<td>From 16.5% in 2010 to 20% in 2015</td>
<td>From 12.5% in 2010 to 15% in 2015</td>
</tr>
</tbody>
</table>
Air Products Market Exposure

2010 IG Market $63B

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

2010-2015 Market Growth = 9%

2010 APD $9B

- Energy: 23%
- Electronics: 15%
- Healthcare: 7%
- Metals: 9%
- Energy: 23%
- Manufacturing: 23%
- Chemicals: 19%
- Electronics: 13%

2010-2015 AP Growth = 10-11%

Billions ($)

2010-2015 Growth
### Air Products Advantage:
Profitable Joint Ventures with Leadership Positions

<table>
<thead>
<tr>
<th>Country</th>
<th>Sales (100%)</th>
<th>AP Ownership</th>
<th>Sales ($MM)</th>
<th>Op Inc ($MM)</th>
<th>Op Margin</th>
<th>Equity Affiliates&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Combined&lt;sup&gt;2&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mexico</td>
<td>$0.7B</td>
<td>40%</td>
<td>$10,082</td>
<td>$1,671</td>
<td>16.6%</td>
<td>$2,650</td>
<td>$12,732</td>
</tr>
<tr>
<td>Italy</td>
<td>$0.6B</td>
<td>49%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Africa</td>
<td>$0.2B</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>India</td>
<td>$0.2B</td>
<td>50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>$0.1B</td>
<td>49%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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

Partially owned JV’s create exposure to 26% more sales and 32% more op income
**Accelerating Air Products Growth 2010-2015**

<table>
<thead>
<tr>
<th>Growth Component</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Growth</td>
<td>9%</td>
</tr>
<tr>
<td>Air Products Market Position</td>
<td>1%-2%</td>
</tr>
<tr>
<td>Consolidation / M&amp;A</td>
<td>1%-2%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11-13%</strong></td>
</tr>
</tbody>
</table>
Roadmap to 20% Margin

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Margin (%)</th>
<th>Productivity</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>16.6%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>16.6%</td>
<td>1.4%</td>
<td>2%</td>
</tr>
</tbody>
</table>
Variable Cost Leverage

Hydrogen Efficiency

$100MM/year improvement

Argon Recovery

Run Chart of Argon Recovery

Run Chart of Argon Recovery
Fixed Cost Leverage

Operating Service Center

SG&A as a % of Sales

2004

2011

$50MM/year improvement
Driving Returns Higher

- Capital Turnover: 0.5%
- Margin Improvement: 1.2%

ROCE (%)

2011: 13.3%
2015: 13.3%
Driving Capital Cost Lower

**Large ASU**

- Capital Cost Index
- >50% Savings

**Electronics Nitrogen**

- Capital Cost Index
- >30% Savings
Strong Growth Opportunities Drive Disciplined Investment

$13-14B Capital Spending - 2011 to 2015

Growth 70%
Acquisition 15%
Maintenance 15%

Strong Growth Opportunities Drive Disciplined Investment

$13-14B Capital Spending - 2011 to 2015

Growth 70%
Acquisition 15%
Maintenance 15%
Cash Priorities Remain Consistent

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

30 consecutive years of dividend increase
Near Term Focus

• Drive volume growth in North America and Asia
• Improve pricing and reduce costs in Europe
• Deliver Tonnage growth to the bottom line
• Continue improving Electronics & Performance Materials
• Sign more LNG orders
• Drive down operating costs
Merchant Opportunity

Loading

Q3 FY12

Signings (MTD)

Operating Margin

2015 Goal
21%-24%
Strategic drivers

• Expands geographic presence by creating #2 position in the 2nd highest growth region
• Respected market leader with a well-known Brand
• Depth and breadth of employees

Transaction highlights

<table>
<thead>
<tr>
<th>Purchase Consideration</th>
<th>CLP 451 billion ($884 million) for 67% of Indura in two stages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Indura Sales</td>
<td>CLP 244 billion ($478 million, March 2012 LTM)</td>
</tr>
<tr>
<td>Accretion</td>
<td>Accretive to FY13 EPS</td>
</tr>
</tbody>
</table>
## Tonnage Backlog

<table>
<thead>
<tr>
<th>Plant</th>
<th>Location</th>
<th>Capacity</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hydrogen</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H2 Pipeline</td>
<td>Gulf Coast, US</td>
<td>180 miles</td>
<td>Q4FY12</td>
</tr>
<tr>
<td>H2</td>
<td>Petrochina, Chengdu, China</td>
<td>90 MMSCFD H2</td>
<td>H1FY13</td>
</tr>
<tr>
<td>H2</td>
<td>Marathon, Detroit</td>
<td>60 MMSCFD H2</td>
<td>H1FY13</td>
</tr>
<tr>
<td>H2</td>
<td>St. Charles, LA</td>
<td>World Scale</td>
<td>FY14</td>
</tr>
<tr>
<td><strong>Gasification</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASU/Liquid</td>
<td>Petrochina, Chengdu, China</td>
<td>World Scale</td>
<td>H1FY13</td>
</tr>
<tr>
<td>ASU</td>
<td>PCEC, Weinan, China</td>
<td>8,200 TPD O2</td>
<td>H2FY13</td>
</tr>
<tr>
<td>ASU/Liquid</td>
<td>Wison, Nanjing, China</td>
<td>1,500 TPD O2</td>
<td>FY14</td>
</tr>
<tr>
<td>ASU</td>
<td>Shaanxi, China</td>
<td>12,000 TPD O2</td>
<td>FY14</td>
</tr>
<tr>
<td>ASU/Liquid</td>
<td>XLX, Henan, China</td>
<td>2,000 TPD O2</td>
<td>FY14</td>
</tr>
<tr>
<td>ASU/Liquid</td>
<td>Zhengyuan, Hebei, China</td>
<td>2,000 TPD O2</td>
<td>FY14</td>
</tr>
<tr>
<td><strong>Steel</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ASU/Liquid</td>
<td>Gent, Belgium</td>
<td>2,000 TPD O2</td>
<td>H1FY13</td>
</tr>
</tbody>
</table>
Energy from Waste - Tees Valley, UK

Strategic drivers
• Innovative growth opportunity
• Onsite business model
• Proven competencies

Project highlights

<table>
<thead>
<tr>
<th>Project</th>
<th>Gasify 350,000 TPY of waste into 50 MW of power in Tees Valley, UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key Partners</td>
<td>Fortune 150 company– power purchase</td>
</tr>
<tr>
<td></td>
<td>Fortune 100 bank – Renewable Credit purchase</td>
</tr>
<tr>
<td></td>
<td>Impetus – waste provider</td>
</tr>
<tr>
<td></td>
<td>AlterNRG – Westinghouse gasification technology</td>
</tr>
<tr>
<td>Economic Dimensions</td>
<td>~$500MM capital</td>
</tr>
<tr>
<td></td>
<td>~$130MM annual revenue</td>
</tr>
</tbody>
</table>
Electronics & Performance Mat’ls Improvement

Sales

Operating Income

Operating Margin

2015 Goal
18%-21%
Air Products Opportunity

- Asset leverage
- Record capital spending and project backlog
- #1 position in energy
- #1 position in electronics
- 2015 goals
$15+ Billion in Sales
20% Operating Margin
15% Return on Capital Employed
Thank you...

tell me more