UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended 31 December 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to ______________

Commission file number 1-4534

AIR PRODUCTS AND CHEMICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware (State or Other Jurisdiction of Incorporation or Organization)	23-1274455 (I.R.S. Employer Identification No.)
7201 Hamilton Boulevard, Allentown, Pennsylvania (Address of Principal Executive Offices)	18195-1501 (Zip Code)

610-481-4911
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at 21 January 2008
Common Stock, $1 par value	214,448,095

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
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BASIS OF PRESENTATION:

The consolidated financial statements of Air Products and Chemicals, Inc. and its subsidiaries (the "Company" or "registrant") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In the opinion of the Company, the accompanying statements reflect adjustments necessary to present fairly the financial position, results of operations and cash flows for those periods indicated, and contain adequate disclosure to make the information presented not misleading. Adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the Notes to the consolidated financial statements. However, the interim results for the periods indicated herein do not reflect certain adjustments, such as the valuation of inventories on the LIFO cost basis, which can only be finally determined on an annual basis. The consolidated financial statements included herein should be read in conjunction with the financial statements and Notes thereto included in the Company's latest annual report on Form 10-K in order to fully understand the basis of presentation.

Results of operations for interim periods are not necessarily indicative of the results of operations for a full year. Reference the 2008 Outlook included on pages 23-24 in Management's Discussion and Analysis of Financial Condition and Results of Operations. Risk factors that could impact results are discussed in the Company's latest annual report on Form 10-K and under Forward-Looking Statements on page 27.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Unaudited)

(Millions of dollars, except for share data)

	31 December 2007	30 September 2007
ASSETS		
CURRENT ASSETS		
Cash and cash items	$ 96.5	$ 40.5
Trade receivables, less allowances for doubtful accounts	1,667.5	1,578.5
Inventories	517.3	486.6
Contracts in progress, less progress billings	214.9	259.6
Prepaid expenses	61.3	108.2
Other receivables and current assets	197.8	240.1
Current assets of discontinued operations	108.5	144.9
TOTAL CURRENT ASSETS	2,863.8	2,858.4
INVESTMENT IN NET ASSETS OF AND ADVANCES TO EQUITY AFFILIATES	791.6	778.1
PLANT AND EQUIPMENT, at cost	14,910.2	14,600.3
Less accumulated depreciation	8,209.9	7,996.6
PLANT AND EQUIPMENT, net	6,700.3	6,603.7
GOODWILL	1,236.6	1,199.9
INTANGIBLE ASSETS, net	282.4	276.2
OTHER NONCURRENT ASSETS	867.0	638.6
NONCURRENT ASSETS OF DISCONTINUED OPERATIONS	272.6	304.6
TOTAL ASSETS	$13,014.3	$12,659.5
LIABILITIES AND SHAREHOLDERS’ EQUITY		
CURRENT LIABILITIES		
Payables and accrued liabilities	$ 1,502.3	$ 1,550.9
Accrued income taxes	103.6	108.6
Short-term borrowings	463.8	593.3
Current portion of long-term debt	96.0	101.1
Current liabilities of discontinued operations	58.9	68.8
TOTAL CURRENT LIABILITIES	2,224.6	2,422.7
LONG-TERM DEBT	3,415.6	2,976.5
DEFERRED INCOME & OTHER NONCURRENT LIABILITIES	842.7	872.0
DEFERRED INCOME TAXES	735.3	705.6
NONCURRENT LIABILITIES OF DISCONTINUED OPERATIONS	9.6	9.8
TOTAL LIABILITIES	7,227.8	6,986.6
Minority interest in subsidiary companies	99.3	92.9
Minority interest of discontinued operations	84.2	84.4
TOTAL MINORITY INTEREST	183.5	177.3
COMMITMENTS AND CONTINGENCIES — See Note 9		
SHAREHOLDERS’ EQUITY		
Common stock (par value $1 per share; 2008 and 2007 — 249,455,584 shares)	249.4	249.4
Capital in excess of par value	770.2	759.5
Retained earnings	6,625.5	6,458.5
Accumulated other comprehensive loss	(82.9)	(142.9)
Treasury stock, at cost (2008 — 35,007,489 shares; 2007 — 34,099,899 shares)	(1,959.2)	(1,828.9)
TOTAL SHAREHOLDERS’ EQUITY	5,603.0	5,495.6
TOTAL LIABILITIES AND SHAREHOLDERS’ EQUITY	$13,014.3	$12,659.5

The accompanying notes are an integral part of these statements.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED INCOME STATEMENTS
(Unaudited)

(Millions of dollars, except for share data)

	Three Months Ended 31 December	
	2007	2006
SALES	$2,473.6	$2,267.8
COSTS AND EXPENSES		
Cost of sales	1,788.5	1,649.7
Selling and administrative	296.8	275.4
Research and development	30.3	32.1
Pension settlement	1.4	—
Other (income) expense, net	(15.4)	(6.8)
OPERATING INCOME	372.0	317.4
Equity affiliates' income	25.3	27.3
Interest expense	41.0	39.1
INCOME FROM CONTINUING OPERATIONS BEFORE TAXES AND MINORITY INTEREST	356.3	305.6
Income tax provision	93.2	79.5
Minority interest in earnings of subsidiary companies	6.1	5.1
INCOME FROM CONTINUING OPERATIONS	257.0	221.0
INCOME FROM DISCONTINUED OPERATIONS, net of tax	6.7	9.3
NET INCOME	$ 263.7	$ 230.3
BASIC EARNINGS PER COMMON SHARE		
Income from continuing operations	$ 1.20	$ 1.02
Income from discontinued operations	.03	.04
Net Income	$ 1.23	$ 1.06
DILUTED EARNINGS PER COMMON SHARE		
Income from continuing operations	$ 1.16	$ .99
Income from discontinued operations	.03	.04
Net Income	$ 1.19	$ 1.03
WEIGHTED AVERAGE OF COMMON SHARES OUTSTANDING (in millions)	214.8	216.7
WEIGHTED AVERAGE OF COMMON SHARES OUTSTANDING ASSUMING DILUTION (in millions)	222.3	223.4
DIVIDENDS DECLARED PER COMMON SHARE — Cash	$ .38	$ .34

The accompanying notes are an integral part of these statements.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS
(Unaudited)

(Millions of dollars)	Three Months Ended 31 December	
	2007	2006
NET INCOME	$263.7	$230.3
OTHER COMPREHENSIVE INCOME, net of tax:		
Net unrealized holding (loss) gain on investments, net of income tax (benefit) of $(.8) and $3.4	(1.7)	6.0
Net unrecognized (loss) gain on derivatives qualifying as hedges, net of income tax (benefit) of $(2.0) and $1.1	(4.8)	2.6
Foreign currency translation adjustments, net of income tax (benefit) of $(5.5) and $(23.3)	55.6	86.0
Change in pension funded status, net of income tax of $3.6	10.9	—
TOTAL OTHER COMPREHENSIVE INCOME	60.0	94.6
COMPREHENSIVE INCOME	$323.7	$324.9

Amounts reclassified from other comprehensive income into earnings in 2008 and 2007 were not material.

The accompanying notes are an integral part of these statements.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(Millions of dollars)

	Three Months Ended 31 December	
	2007	2006
OPERATING ACTIVITIES FROM CONTINUING OPERATIONS		
Net Income	$ 263.7	$ 230.3
Income from discontinued operations, net of tax	(6.7)	(9.3)
Income from Continuing Operations	257.0	221.0
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation and amortization	218.0	192.1
Deferred income taxes	20.8	15.3
Undistributed earnings of unconsolidated affiliates	(7.2)	(13.8)
Gain on sale of assets and investments	(6.2)	(.3)
Share-based compensation	17.1	16.6
Noncurrent capital lease receivables	(47.7)	(47.0)
Other	(30.1)	(21.1)
Working capital changes that provided (used) cash, excluding effects of acquisitions and divestitures:		
Trade receivables	(77.4)	(36.6)
Inventories	(27.3)	(16.0)
Contracts in progress	47.0	52.5
Prepaid expenses	47.0	6.1
Payables and accrued liabilities	(85.9)	(224.9)
Other	42.9	6.5
CASH PROVIDED BY OPERATING ACTIVITIES (a)	368.0	150.4
INVESTING ACTIVITIES FROM CONTINUING OPERATIONS		
Additions to plant and equipment (b)	(271.2)	(232.1)
Acquisitions, less cash acquired	(1.4)	—
Investment in and advances to unconsolidated affiliates	—	(1.5)
Proceeds from sale of assets and investments	9.0	12.5
Proceeds from insurance settlements	—	14.9
Change in restricted cash	(135.7)	—
Other	(.8)	(.4)
CASH USED FOR INVESTING ACTIVITIES	(400.1)	(206.6)
FINANCING ACTIVITIES FROM CONTINUING OPERATIONS		
Long-term debt proceeds	160.5	53.8
Payments on long-term debt	(41.6)	(36.2)
Net increase in commercial paper and short-term borrowings	120.1	226.2
Dividends paid to shareholders	(81.9)	(73.9)
Purchase of Treasury Stock	(189.7)	(133.5)
Proceeds from stock option exercises	33.0	37.0
Excess tax benefit from share-based compensation/other	21.5	6.7
CASH PROVIDED BY FINANCING ACTIVITIES	21.9	80.1

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

(Millions of dollars)

	Three Months Ended 31 December	
	2007	2006
DISCONTINUED OPERATIONS		
Cash (used for) provided by operating activities	(1.3)	9.0
Cash provided by (used for) investing activities	65.8	(6.2)
Cash used for financing activities	—	—
CASH PROVIDED BY DISCONTINUED OPERATIONS	64.5	2.8
Effect of Exchange Rate Changes on Cash	1.7	(.4)
Increase in Cash and Cash Items	56.0	26.3
Cash and Cash Items — Beginning of Year	40.5	31.0
Cash and Cash Items — End of Period	$96.5	$57.3

(a) Pension plan contributions in 2008 and 2007 were $69.8 and $239.9, respectively.

(b) Excludes capital lease additions of $.7 and $.6 in 2008 and 2007, respectively.

The accompanying notes are an integral part of these statements.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
SUMMARY BY BUSINESS SEGMENTS
(Unaudited)

(Millions of dollars)

	Three Months Ended 31 December	
	2007	2006
Revenues from external customers		
Merchant Gases	$ 897.0	$ 740.0
Tonnage Gases	791.1	689.5
Electronics and Performance Materials	514.3	486.9
Equipment and Energy	100.3	195.6
Healthcare	170.9	155.8
Segment and Consolidated Totals	$2,473.6	$2,267.8
Operating income		
Merchant Gases	$ 175.4	$ 139.2
Tonnage Gases	111.1	95.4
Electronics and Performance Materials	66.0	49.8
Equipment and Energy	9.3	26.8
Healthcare	13.6	9.4
Segment Totals	375.4	320.6
Other	(3.4)	(3.2)
Consolidated Totals	$ 372.0	$ 317.4

(Millions of dollars)

	30 December 2007	30 September 2007
Identifiable assets (a)		
Merchant Gases	$ 4,175.6	$ 3,984.4
Tonnage Gases	3,391.4	3,328.4
Electronics and Performance Materials	2,425.0	2,435.3
Equipment and Energy	376.2	362.6
Healthcare	938.1	918.9
Segment Totals	11,306.3	11,029.6
Other	535.3	402.3
Discontinued operations	305.1	381.6
Consolidated Totals	$12,146.7	$11,813.5

(a) Identifiable assets are equal to total assets less investments in and advances to equity affiliates.

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AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
SUMMARY BY GEOGRAPHIC REGIONS
(Unaudited)

(Millions of dollars)

	Three Months Ended 31 December	
	2007	2006
Revenues from external customers		
North America	1,212.8	1,223.4
Europe	807.5	664.4
Asia	403.9	341.6
Latin America	49.4	38.4
Total	$ 2,473.6	$ 2,267.8

Geographic information is based on country of origin. The Europe segment operates principally in Belgium, France, Germany, the Netherlands, Poland, the U.K., and Spain. The Asia segment operates principally in China, Japan, Korea, and Taiwan.

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Millions of dollars, except for share data)

1. MAJOR ACCOUNTING POLICIES

Refer to the Company's 2007 annual report on Form 10-K for a description of major accounting policies. There have been no material changes to these accounting policies during the first quarter of 2008 other than those detailed in Note 2.

2. NEW ACCOUNTING STANDARDS

Uncertainty in Income Taxes

The Company adopted Financial Accounting Standards Board (FASB) Interpretation No. 48, "Accounting for Uncertainty in Income Taxes-an interpretation of FASB Statement No. 109," (FIN No. 48) on 1 October 2007. Upon adoption, the Company recognized a $25.5 increase to its liability for uncertain tax positions. This increase was recorded as an adjustment to beginning retained earnings for $13.7 and goodwill for $11.8.

At 1 October 2007, the Company had $94.3 of unrecognized tax benefits including $25.9 for the payment of interest and penalties. The Company classifies interest and penalties related to unrecognized tax benefits as a component of income tax expense. At 1 October 2007, $48.3 of the liability for unrecognized tax benefits, if recognized, would impact the effective tax rate. The Company does not anticipate any significant changes in the amount of unrecognized income tax benefits over the next twelve months.

The Company remains subject to examination in the following major tax jurisdictions for the years indicated below:

Major Tax Jurisdiction	Open Tax Fiscal Years
North America	
United States	2005 — 2007
Canada	2004 — 2007
Europe	
United Kingdom	2005 — 2007
Ireland	2007
Germany	2002 — 2007
Belgium	2005 — 2007
France	2007
Netherlands	2005 — 2007
Spain	2003 — 2007
Asia	
Taiwan	2005 — 2007
Korea	2002 — 2007

Business Combinations and Noncontrolling Interests

In December 2007, the FASB issued FASB Statements No. 141 (revised 2007), "Business Combinations," and No. 160, "Noncontrolling Interests in Consolidated Financial Statements." SFAS 141R requires the acquiring entity in a business combination to recognize at full fair value all the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose information needed to evaluate and understand the nature and financial effect of the business combination. SFAS No. 160 requires entities to report noncontrolling (minority) interests in subsidiaries as equity in the consolidated financial statements. These Statements are effective for fiscal years beginning after 15 December 2008 and are to be applied prospectively. The Company is currently evaluating the effect of these Statements.

3. GLOBAL COST REDUCTION PLAN

The following table summarizes changes to the carrying amount of the accrual for the global cost reduction plan for the three months ended 31 December 2007:

	Severance and Other Benefits
Accrual Balance at 30 September 2007	$ 8.4
Noncash Expenses	—
Cash Expenditures	(4.5)
Accrual Balance at 31 December 2007	$ 3.9

4. DISCONTINUED OPERATIONS

The High Purity Process Chemicals (HPPC) business and the Polymer Emulsions business have been accounted for as discontinued operations. The results of operations and cash flows of these businesses have been removed from the results of continuing operations for all periods presented. The balance sheet items of discontinued operations have been reclassified and are segregated in the consolidated balance sheets.

HPPC Business

In September 2007, the Company's Board of Directors approved the sale of its HPPC business, which had previously been reported as part of the Electronics and Performance Materials operating segment. The Company's HPPC business consisted of the development, manufacture, and supply of high-purity process chemicals used in the fabrication of integrated circuits in the United States and Europe. The Company wrote down the assets of the HPPC business to net realizable value as of 30 September 2007, resulting in a loss of $15.3 ($9.3 after-tax, or $.04 per share) in the fourth quarter of 2007.

In October 2007, the Company executed an agreement of sale with KMG Chemicals, Inc. The sale closed on 31 December 2007 for cash proceeds of $69.3 and included manufacturing facilities in the United States and Europe. Certain receivables and inventories will be sold to KMG Chemicals, Inc. subsequent to 31 December 2007. In the first quarter of fiscal 2008, this business generated sales of $22.9 and income, net of tax, of $.2. Also, the Company recorded an additional loss of $.5 ($.3 after-tax) on the sale of the business. In the first quarter of fiscal 2007, this business generated sales of $22.9 and income, net of tax, of $.7.

Assets and liabilities of the discontinued HPPC business are summarized below:

	31 December 2007	30 September 2007
Trade receivables, less allowances	$2.5	$13.1
Inventories	2.1	15.4
Total Current Assets	$4.6	$28.5
Plant and equipment, net	$ —	$33.5
Goodwill	—	5.4
Other noncurrent assets	—	.9
Total Noncurrent Assets	$ —	$39.8
Payables and accrued liabilities	$6.2	$ 6.9
Total Current Liabilities	$6.2	$ 6.9

Polymer Emulsions Business

The Company announced it was exploring the sale of its Polymer Emulsions business in 2006 as part of the Company's ongoing portfolio management activities. In November 2007, the Company's Board of Directors granted the Company the authority to sell this business to its partner based on achieving certain contractual terms and conditions. On 11 December 2007, the Company announced it had signed a definitive agreement to sell its interest in its vinyl acetate ethylene (VAE) polymers joint ventures to Wacker Chemie AG, its long-time joint venture partner. As part of the agreement, the Company will receive $265 and Wacker's interest in the Elkton, Md., and Piedmont, S.C., production facilities and their related businesses. The sale, which is subject to regulatory approvals and customary closing conditions, is expected to close in the second quarter of fiscal year 2008. The Company anticipates a gain on the sale of the Polymer Emulsions business in the range of $65 to $85 ($42 to $55 after-tax).

The sale consists of the global VAE polymers operations including production facilities located in Calvert City, Ky.; South Brunswick, N.J.; Cologne, Germany; and Ulsan, Korea; and commercial and research capabilities in Allentown, Pa., and Burghausen, Germany. The business produces VAE for use in adhesives, paints and coatings, paper and carpet applications.

Upon completion of the sale, the Company will assume full ownership of the Elkton and Piedmont plants and related North American atmospheric emulsions and global pressure sensitive adhesives business. The Company intends to sell these businesses.

The operating results of the Polymer Emulsions business including the Elkton and Piedmont facilities have been classified as discontinued operations and are summarized below:

	Three Months Ended 31 December 2007	Three Months Ended 31 December 2006
Sales	$151.2	$141.8
Income before taxes	$ 10.9	$ 13.8
Income tax provision	4.1	5.2
Income from operations of discontinued operations, net of tax	$ 6.8	$ 8.6

Details of balance sheet items for the Polymer Emulsions business including the Elkton and Piedmont facilities are summarized below:

	31 December 2007	30 September 2007
Cash and cash items	$ .7	$ 1.8
Trade receivables, less allowances	64.5	78.5
Inventories	36.9	30.1
Prepaid expenses	1.6	1.3
Other receivables	.2	4.7
Total Current Assets	**$103.9**	**$116.4**
Investment in net assets of and advances to equity affiliates	$ 76.0	$ 67.9
Plant and equipment, net	164.3	166.3
Goodwill	30.3	29.7
Other noncurrent assets	2.0	.9
Total Noncurrent Assets	**$272.6**	**$264.8**
Payables and accrued liabilities	$ 47.7	$ 53.4
Accrued income taxes	1.9	2.2
Short-term borrowings	$ 3.1	6.3
Total Current Liabilities	**$ 52.7**	**$ 61.9**

	31 December 2007	30 September 2007
Deferred income taxes	$ 6.9	$ 6.9
Other noncurrent liabilities	2.7	2.9
Total Noncurrent Liabilities	**$ 9.6**	**$ 9.8**
Minority Interest	$84.2	$84.4
Cumulative Translation Adjustments (accumulated other comprehensive income)	$52.2	$45.9

5. GOODWILL

Changes to the carrying amount of consolidated goodwill by segment for the quarter ended 31 December 2007 are as follows:

	30 September 2007	Adoption of FIN No. 48	Currency Translation and Other	31 December 2007
Merchant Gases	$ 475.7	$ 9.4	$22.1	$ 507.2
Tonnage Gases	22.4	—	(.1)	22.3
Electronics and Performance Materials	308.1	—	(1.0)	307.1
Healthcare	393.7	2.4	3.9	400.0
	$1,199.9	$11.8	$24.9	$1,236.6

Goodwill is subject to impairment testing at least annually. In addition, goodwill is tested more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists. The Company continues to monitor the U.S. Healthcare business as it relates to goodwill recoverability of this reporting unit within the Healthcare segment.

6. SHARE-BASED COMPENSATION

The Company has various share-based compensation programs, which include stock options, deferred stock units, and restricted stock. During the three months ended 31 December 2007, the Company granted 1.2 million stock options at a weighted-average exercise price of $98.85 and an estimated fair value of $31.84 per option. The fair value of these options was estimated using a lattice-based option valuation model that used the following assumptions: expected volatility of 30.4%; expected dividend yield of 2.1%; expected life in years of 6.7-8.0; and a risk-free interest rate of 4.4%-4.7%. In addition, the Company granted 222,972 deferred stock units at a weighted-average grant-date fair value of $100.99 and 25,893 restricted stock at a weighted-average grant-date fair value of $96.44. Refer to Note 15 in the Company’s 2007 annual report on Form 10-K for information on the valuation and accounting for these programs.

Share-based compensation cost charged against income in the first quarter of 2008 was $17.1, before taxes of $6.6. Of the share-based compensation cost recognized, 75% was a component of selling and administrative expense, 9% a component of cost of sales, and 16% a component of research and development. Share-based compensation cost charged against income for the first quarter of 2007 was $16.6, before taxes of $6.4. The amount of share-based compensation cost capitalized in 2008 and 2007 was not material.

7. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (EPS):

	Three Months Ended 31 December 2007	2006
NUMERATOR		
Used in basic and diluted EPS		
Income from continuing operations	$257.0	$221.0
Income from discontinued operations	6.7	9.3
Net Income	$263.7	$230.3
DENOMINATOR (in millions)		
Weighted average number of common shares used in basic EPS	214.8	216.7
Effect of dilutive securities		
Employee stock options	6.3	5.6
Other award plans	1.2	1.1
	7.5	6.7
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	222.3	223.4

BASIC EPS		
Income from continuing operations	$ 1.20	$ 1.02
Income from discontinued operations	.03	.04
Net Income	$ 1.23	$ 1.06
DILUTED EPS		
Income from continuing operations	$ 1.16	$ .99
Income from discontinued operations	.03	.04
Net Income	$ 1.19	$ 1.03

Options on 1.2 million shares and 1.5 million shares were antidilutive and therefore excluded from the computation of diluted earnings per share for 2008 and 2007, respectively.

8. RETIREMENT BENEFITS

A number of senior managers and others who were eligible for supplemental pension plan benefits retired in fiscal year 2007. The Company's supplemental pension plan provides for a lump sum benefit payment option at the time of retirement, or for corporate officers six months after the participant's retirement date. If payments exceed the sum of service and interest cost components of net periodic pension cost of the plan for the fiscal year, settlement accounting is triggered under pension accounting rules. However, a settlement loss may not be recognized until the time the pension obligation is settled. The Company recognized $10.3 for settlement losses in the fourth quarter of 2007 and an additional $1.4 in the first quarter of 2008, based on cash payments made. The Company expects to recognize an additional $25 to $30 for settlement losses in 2008, primarily in the second quarter. The actual amount of the settlement loss will be based upon current pension assumptions (e.g. discount rate) at the time cash payments are made to settle the obligations.

The components of net pension cost for the defined benefit pension plans and other postretirement benefit cost for the three months ended 31 December 2007 and 2006 were as follows:

	Three Months Ended 31 December			
	2007	2006	2007	2006
	Pension Benefits		Other Benefits	
Service cost	$ 19.6	$ 20.0	$1.5	$1.5
Interest cost	45.7	41.5	1.4	1.3
Expected return on plan assets	(52.1)	(46.5)	—	—
Prior service cost (credit) amortization	.8	1.1	(.3)	(.5)
Actuarial loss amortization	9.9	14.3	.4	.6
Settlement and curtailment charges	1.4	—	—	—
Special termination benefits	—	—	—	—
Other	.9	.4	—	—
Net periodic benefit cost	$ 26.2	$ 30.8	$3.0	$2.9

During the three months ended 31 December 2007, pension contributions of $69.8 were made. The Company expects to contribute approximately $70 to the pension plans during the remainder of 2008. For the three months ended 31 December 2006, pension contributions of $239.9 were made. During 2007, total contributions were $290.0.

9. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in various legal proceedings, including competition, environmental, health, safety, product liability, and insurance matters. In particular, during the second quarter of 2007, a unit of the Brazilian Ministry of Justice issued a report on its investigation of the Company's Brazilian subsidiary, Air Products Brazil, and several other Brazilian industrial gas companies (subsequently, this report was recalled by such unit due to certain technical issues related to its release and has not been rereleased). The report recommended that the Brazilian Administrative Council for Economic Defense impose sanctions on Air Products Brazil and the other industrial gas companies for alleged anticompetitive activities. The Company intends to defend this action and cannot, at this time, reasonably predict the ultimate outcome of the proceedings or sanctions, if any, that will be imposed. While the Company does not expect that any sums it may have to pay in connection with this or any other legal proceeding would have a materially adverse effect on its consolidated financial position or net cash flows, a future charge for regulatory fines or damage awards could have a significant impact on the Company's net income in the period in which it is recorded.

Environmental

Accruals for environmental loss contingencies are recorded when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The consolidated balance sheet at 31 December 2007 and 30 September 2007 included an accrual of $50.2 and $52.2, respectively, primarily as part of other noncurrent liabilities. The environmental liabilities will be paid over a period of up to 30 years. The Company estimates the exposure for environmental loss contingencies to range from $50.2 to a reasonably possible upper exposure of $63.2 as of 31 December 2007.

Refer to Note 19 to the consolidated financial statements in the Company's 2007 annual report on Form 10-K for information on the Company's environmental accrual related to the Pace, Florida, facility. At 31 December 2007, the accrual balance associated with this facility totaled $39.1.

10. SUPPLEMENTAL INFORMATION

Share Repurchase Program

On 20 September 2007, the Board of Directors authorized the repurchase of up to $1,000 of the Company's outstanding common stock. This action was in addition to an existing $1,500 share repurchase authorization which was announced in March 2006. As of 30 September 2007, the Company had purchased 15.0 million of its outstanding shares at a cost of $1,063.4 under these two authorizations. During the first quarter of fiscal year 2008, the Company purchased 2.0 million of its outstanding shares at a cost of $189.8. The Company will continue to purchase shares under these authorizations at its discretion while maintaining sufficient funds for investing in its businesses and growth opportunities.

Industrial Revenue Bonds

During the first quarter of fiscal 2008, the Company issued Industrial Revenue bonds of $145.0, the proceeds of which must be held in escrow until related project spending occurs. As of 31 December 2007, $135.7 was classified as a noncurrent asset.

11. BUSINESS SEGMENTS

Previously, the Company reported results for the Chemicals segment, which consisted of the Polymer Emulsions business and the Polyurethane Intermediates (PUI) business. Beginning with the first quarter of 2008, the Polymer Emulsions business has been accounted for as discontinued operations as discussed in Note 2. Also beginning with the first quarter of 2008, the PUI business is reported as part of the Tonnage Gases segment as the PUI business model is similar to Tonnage Gases in that it has long-term contracts and raw material cost pass-through provisions. Prior period information has been restated to reflect this business reorganization.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

(Millions of dollars, except for share data)

The disclosures in this quarterly report are complementary to those made in the Company's 2007 annual report on Form 10-K. An analysis of results for the first quarter of 2008, including an update to the Company's 2008 Outlook, is provided in the Management's Discussion and Analysis to follow.

All comparisons in the discussion are to the corresponding prior year unless otherwise stated. All amounts presented are in accordance with U.S. generally accepted accounting principles. All amounts are presented in millions of dollars, except for share data, unless otherwise indicated.

FIRST QUARTER 2008 VS. FIRST QUARTER 2007

FIRST QUARTER 2008 IN SUMMARY

- Sales of $2,474 were up 9% from the prior year, primarily due to volume growth in the Merchant Gases, Tonnage Gases, Electronics and Performance Materials, and Healthcare segments, improved pricing in Merchant Gases, and the favorable impact of currency effects. Equipment and Energy results were lower from decreased LNG activity and a one-time equipment sale in the prior year.
- Operating income of $372 increased 17% from improved volumes, pricing, and favorable currency effects.
- Net income of $264 increased 15% and diluted earnings per share of $1.19 increased 16%. A summary table of changes in diluted earnings per share is presented below.
- The Company purchased 2.0 million of its outstanding shares at a cost of $189.8 under its share repurchase program.
- The Company announced it had reached a definitive agreement to sell its interests in its Polymer Emulsions joint ventures to its partner Wacker Chemie AG (Wacker) for $265 plus Wacker's interest in two production facilities.
- The Company completed the sale of its High Purity Process Chemicals (HPPC) business to KMG Chemicals, Inc. for $69.
- For a discussion of the challenges, risks, and opportunities on which management is focused, refer to the update to the Company's 2008 Outlook provided on pages 23-24.

Changes in Diluted Earnings per Share

	Three Months Ended 31 December 2007	2006	Increase (Decrease)
Diluted Earnings per Share	**$1.19**	**$1.03**	**$ .16**
Operating Income (after-tax)			
Underlying business			
Volume			.03
Price/raw materials/mix			.05
Costs			.01
Acquisitions/divestitures			.02
Currency			.07
Operating Income			**.18**
Other (after-tax)			
Equity affiliates' income			(.01)
Interest expense			(.01)
Discontinued operations			(.01)
Average shares outstanding			.01
Other			**(.02)**
Total Change in Diluted Earnings per Share			**$ .16**

RESULTS OF OPERATIONS

Discussion of Consolidated Results

	Three Months Ended 31 December 2007	2006	% Change
Sales	$2,473.6	$2,267.8	9%
Operating income	372.0	317.4	17%
Equity affiliates' income	25.3	27.3	(7%)

Sales

	% Change from Prior Year
Underlying business	
Volume	1%
Price/mix	1%
Acquisitions/divestitures	2%
Currency	4%
Natural gas/raw material cost pass-through	1%
Total Consolidated Change	**9%**

Sales of $2,473.6 increased 9%, or $205.8. Underlying base business growth accounted for 2% of the increase. Sales increased 1% from volumes as higher volumes in Merchant Gases, Tonnage Gases, Electronics and Performance Materials, and Healthcare were mostly offset by lower activity in Equipment and Energy as discussed in the Segment Analysis which follows. Improved pricing, primarily in the Merchant Gases segment, increased sales by 1%. The acquisition of the Polish industrial gas business of BOC Gazy Sp z o.o. (BOC Gazy) increased sales by 2%. Sales improved 4% from favorable currency effects, driven primarily by the weakening of the U.S. dollar against key European and Asian currencies**.** Higher natural gas/raw material contractual cost pass-through to customers increased sales by 1% mainly due to higher natural gas prices.

Operating Income

	Change from Prior Year
Prior Year Operating Income	$317
Underlying business	
Volume	10
Price/raw materials/mix	15
Costs	2
Acquisitions/divestitures	7
Currency	21
Operating Income	**$372**

Operating income of $372.0 increased 17%, or $54.6.

- Higher volumes in Merchant Gases and Electronics and Performance Materials, partially offset by lower activity in Equipment and Energy, increased operating income by $10 as discussed in the Segment Analysis which follows.
- Operating income improved $15 from higher pricing in Merchant Gases.
- Operating income increased $2 from costs, as benefits of productivity and the global cost reduction plan more than offset higher costs to support growth and inflation.
- Favorable currency effects, primarily from the weakening of the U.S. dollar against key European and Asian currencies, increased operating income by $21.

Equity Affiliates' Income

Income from equity affiliates of $25.3 decreased $2.0, or 7%, primarily due to the impairment of an equity affiliate in the Electronics and Performance Materials segment.

Selling and Administrative Expense (S&A)

	% Change from Prior Year
Acquisitions/divestitures	2%
Currency	4%
Other costs	2%
Total S&A Change	**8%**

S&A expense of $296.8 increased 8%, or $21.4. S&A as a percent of sales declined to 12.0% from 12.1% in 2007. S&A increased by 2% due to the acquisition of BOC Gazy in Poland. Currency effects, driven by the weakening of the U.S. dollar against key European and Asian currencies, increased S&A by 4%. Underlying costs increased S&A by 2%, as productivity gains were more than offset by inflation and higher costs to support growth.

Research and Development (R&D)

R&D decreased 6%, or $1.8. R&D decreased as a percent of sales to 1.2% from 1.4% in 2007.

Other (Income) Expense, Net

Other income of $15.4 increased $8.6. Items recorded to other income arise from transactions and events not directly related to the principal income earning activities of the Company. Results in 2008 included the favorable impacts of asset management activities, including a gain of $5.6 related to the sale of a cost-based investment in Europe. Otherwise, no individual items were material in comparison to the prior year.

Interest Expense

	Three Months Ended 31 December	
	2007	2006
Interest incurred	$47.2	$41.1
Less: interest capitalized	6.2	2.0
Interest expense	$41.0	$39.1

Interest incurred increased $6.1. The increase resulted from a higher average debt balance excluding currency effects and the impact of a weaker U.S. dollar on the translation of foreign currency interest, partially offset by lower average interest rates. Capitalized interest increased by $4.2 due to increased project levels in the Tonnage Gases segment.

Effective Tax Rate

The effective tax rate equals the income tax provision divided by income before taxes less minority interest.

The effective tax rate was 26.6% and 26.5% in the first quarter of 2008 and 2007, respectively.

Discontinued Operations

The High Purity Process Chemicals (HPPC) business and the Polymer Emulsions business have been accounted for as discontinued operations. The results of operations and cash flows of these businesses have been removed from the results of continuing operations for all periods presented. Refer to Note 4 of the consolidated financial statements for additional details.

The Company wrote down the assets of the HPPC business to net realizable value as of 30 September 2007, resulting in a loss of $15.3 ($9.3 after-tax, or $.04 per share) in the fourth quarter of 2007. On 31 December 2007, the Company completed the sale of its HPPC business to KMG Chemicals, Inc., resulting in an additional loss of $.5 ($.3 after-tax) in the first quarter of 2008. The HPPC business generated sales of $22.9 and $22.9 and income, net of tax, of $.2 and $.7 in the first quarter of 2008 and 2007, respectively.

On 11 December 2007, the Company announced it had signed a definitive agreement to sell its vinyl acetate ethylene polymers joint ventures to Wacker Chemie AG (Wacker), its long-time joint venture partner. The sale, which is subject to regulatory approvals and customary closing conditions, is expected to close in the second quarter of fiscal year 2008. As part of the agreement, the Company will receive $265 and Wacker's interest in the Elkton, Md., and Piedmont, S.C., production facilities and their related businesses. The Polymer Emulsions business generated sales of $151.2 and $141.8 and income, net of tax, of $6.8 and $8.6 in the first quarter of 2008 and 2007, respectively.

Net Income

Net income was $263.7 compared to $230.3 in 2007. Diluted earnings per share was $1.19 compared to $1.03 in 2007. A summary table of changes in earnings per share is presented on page 18.

Segment Analysis

Merchant Gases

	Three Months Ended 31 December		
	2007	2006	% Change
Sales	$897.0	$740.0	21%
Operating income	175.4	139.2	26%
Equity affiliates' income	25.2	21.1	19%

Merchant Gases Sales

	% Change from Prior Year
Underlying business	
Volume	5%
Price/mix	3%
Acquisitions/divestitures	6%
Currency	7%
Total Merchant Gases Change	**21%**

Sales of $897.0 increased 21%, or $157.0. Underlying base business growth improved sales by 8%. Sales increased 5% from higher volumes, primarily in North America where demand for liquid nitrogen in the oil field services industry increased significantly and due to continued growth across Asia. Overall volume growth was limited due to continued limited availability of argon and helium in most regions. Pricing increased sales by 3%, primarily from pricing actions to recover higher power, distribution, and other manufacturing costs in North America and Europe.

Acquisitions/divestitures improved sales by 6% due to the acquisition of BOC Gazy in Poland. Sales increased 7% from favorable currency effects, driven primarily by the weakening of the U.S. dollar against key European and Asian currencies.

Merchant Gases Operating Income

Operating income of $175.4 increased 26%, or $36.2. Favorable operating income variances resulted from improved pricing and customer mix of $19, higher volumes of $13, and currency of $12. Operating income declined $11 from higher costs to support growth and inflation partially offset by productivity improvements.

Merchant Gases Equity Affiliates' Income

Merchant Gases equity affiliates' income of $25.2 increased $4.1, with higher income reported by affiliates in all regions, primarily affiliates in Europe and Asia.

Tonnage Gases

	Three Months Ended 31 December		
	2007	2006	% Change
Sales	$791.1	$689.5	15%
Operating income	111.1	95.4	16%

Tonnage Gases Sales

	% Change from Prior Year
Underlying business	
Volume	5%
Acquisitions/divestitures	2%
Currency	3%
Natural gas/raw material cost pass-through	5%
Total Tonnage Gases Change	**15%**

Beginning in the first quarter of 2008, the Company's Polyurethane Intermediates (PUI) business results are included in the Tonnage Gases segment as the PUI business model is similar to Tonnage Gases in that it has long-term contracts and raw material cost pass-through provisions. The PUI business had previously been reported in the Company's Chemicals segment. Prior period information has been restated to reflect this business reorganization.

Sales of $791.1 increased 15%, or $101.6. Underlying base business volume growth increased sales by 5%, primarily due to improved plant loading.

The acquisition of BOC Gazy in Poland increased sales by 2%. Sales increased 3% from favorable currency effects, driven primarily by the weakening of the U.S. dollar against the Euro. Higher natural gas and raw material costs contractually passed-through to customers increased sales by 5%.

Tonnage Gases Operating Income

Operating income of $111.1 increased 16%, or $15.7. Operating income increased by $7 from improved variable costs and efficiencies, $5 from the sale of a cost-based investment in Europe, and $3 from currency. Higher costs decreased operating income by $3, primarily due to higher planned maintenance spending.

Electronics and Performance Materials

	Three Months Ended 31 December 2007	2006	% Change
Sales	$514.3	$486.9	6%
Operating income	66.0	49.8	33%

Electronics and Performance Materials Sales

	% Change from Prior Year
Underlying business	
Volume	5%
Price/mix	(1%)
Currency	2%
Total Electronics and Performance Materials Change	**6%**

Sales of $514.3 increased 6%, or $27.4. Underlying base business growth increased sales by 4%. Electronics volumes increased from higher specialty materials sales partially offset by lower equipment sales. Performance Materials volumes were higher from increased demand in environmentally friendly formulations and products that assist in energy efficiency and productivity. Pricing decreased sales by 1%, as electronic specialty materials continued to experience pricing pressure. Favorable currency effects, driven primarily by the weakening of the U.S. dollar against key European and Asian currencies, improved sales by 2%.

Electronics and Performance Materials Operating Income

Operating income of $66.0 increased 33%, or $16.2. Operating income increased $14 from higher volumes, $5 from currency, and $5 from lower costs due to productivity and product rationalization efforts. Lower pricing, net of variable costs, decreased operating income by $8.

Equipment and Energy

	Three Months Ended 31 December 2007	2006	% Change
Sales	$100.3	$195.6	(49%)
Operating income	9.3	26.8	(65%)

Equipment and Energy Sales and Operating Income

Sales of $100.3 decreased by $95.3, primarily from lower liquefied natural gas (LNG) activity and a one-time energy related equipment sale that occurred in the prior year. Operating income of $9.3 decreased by $17.5, primarily from lower LNG heat exchanger activity. Prior year results included a benefit from the cancellation of an exchanger order due to a project termination by a customer.

The sales backlog for the Equipment business at 31 December 2007 was $246, compared to $258 at 30 September 2007.

Healthcare

	Three Months Ended 31 December 2007	2006	% Change
Sales	$170.9	$155.8	10%
Operating income	13.6	9.4	45%

Healthcare Sales

	% Change from Prior Year
Underlying business	
Volume	6%
Price/mix	(2%)
Currency	6%
Total Healthcare Change	**10%**

Sales of $170.9 increased 10%, or $15.1. Sales increased 6% due to higher volumes on continued growth in Spain and the U.K., partially offset by lower volumes in the U.S. Favorable currency effects, primarily the weakening of the U.S. dollar against the Euro and Pound Sterling, increased sales by 6%.

Healthcare Operating Income

Operating income of $13.6 increased 45%, or $4.2 primarily from higher volumes and lower costs in Europe.

Other

	Three Months Ended 31 December 2007	2006
Operating (loss)	($3.4)	($3.2)

Other operating income includes other expense and income which cannot be directly associated with the business segments, including foreign exchange gains and losses, interest income, and costs previously allocated to the Polymer Emulsions business. Also included are LIFO inventory adjustments, as the business segments use FIFO and the LIFO pool is kept at corporate.

The operating loss of $3.4 increased by $.2. No individual items were material in comparison to the prior year.

2008 OUTLOOK

The Company’s priority is to improve return on capital and expand margins by loading existing assets, driving productivity, and maintaining capital discipline by focusing capital investment on growth opportunities. The discussion below outlines the areas of challenge, risk, and opportunity on which management is focused.

Economic Environment

Domestic manufacturing activity in the first three months of 2008 was higher by 1.8% compared to the prior year while global manufacturing activity was higher by 3.4% based on preliminary data. The Company originally anticipated domestic manufacturing growth between 2% and 3% and global manufacturing growth between 3.5% and 4.0% for its fiscal year 2008. These estimates remain unchanged.

Segments

- Merchant Gases results should continue to improve year-to-year from recent pricing actions and fuel-based surcharges while product availability is expected to remain an issue in certain regions. The segment should also benefit from additional capacity brought onstream over the course of 2008 in Asia and North America.

- Tonnage Gases should benefit from the addition of new capacity, improved plant loading, and increased productivity.
- In Electronics and Performance Materials, results should continue to improve from product rationalization efforts, higher volumes, new products, and share gain from new market application successes.
- Equipment and Energy results are expected to be lower from a decrease in LNG activity and higher energy development spending.
- The Healthcare segment should benefit from stronger volume performance in the U.S., as well as continued volume strength in Europe.

Discontinued Operations

The Company anticipates a gain on the sale of its Polymer Emulsions Business in the second quarter of fiscal year 2008 in the range of $65 to $85 ($42 to $55 after-tax).

Global Cost Reduction Plans

Based on actions taken in the first quarter, the Company does not expect a material change to the original estimated cost savings from its global cost reduction plan of $44 for 2008 and $48 annually beyond 2008.

Capital Expenditures

Capital expenditures for new plant and equipment are expected to be between $1,100 and $1,200 for 2008. The Company intends to continue to evaluate acquisition opportunities and investments in equity affiliates.

Pension Settlements

The Company expects to record approximately $25 to $30 related to the cash settlement of pension plan liabilities in the remainder of 2008, the majority of which is expected to be recognized in the second quarter.

SHARE-BASED COMPENSATION

Refer to Note 6 to the consolidated financial statements for information on the Company's share-based compensation programs. For additional information on the valuation and accounting for the various programs, refer to Note 15 to the consolidated financial statements in the Company's 2007 annual report on Form 10-K.

PENSION BENEFITS

Refer to Note 8 to the consolidated financial statements for details on pension cost and cash contributions. For additional information on the Company's pension benefits and associated accounting policies, refer to the Pension Benefits section of Management's Discussion and Analysis and Note 18 to the consolidated financial statements in the Company's 2007 annual report on Form 10-K.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

The narrative below refers to the Consolidated Statements of Cash Flows included on pages 6-7.

Operating Activities from Continuing Operations

For the first three months, net cash provided by operating activities increased $217.6. This increase was primarily due to a reduction in the use of working capital of $158.7 as well as higher earnings from continuing operations of $36.0. Cash used for payables and accrued liabilities decreased by $139.0, due mainly to lower pension plan contributions. A tax refund of $35 was also received during the quarter.

Investing Activities from Continuing Operations

Cash used for investing activities increased $193.5 due principally to the issuance of Industrial Revenue Bonds. During the first quarter of fiscal 2008, the company issued $145.0 of Industrial Revenue Bonds, the proceeds of which must be held in escrow until related project spending occurs. As of 31 December 2007, $135.7 was classified as a noncurrent asset and reflected as a use of cash in investing activities.

Capital expenditures for continuing operations are detailed in the table below. The higher spending in additions to plant and equipment was due to higher project spending in the Merchant Gases, Tonnage Gases, and Electronics and Performance Materials segments.

	Three Months Ended 31 December	
	2007	2006
Additions to plant and equipment	$271.2	$232.1
Acquisitions, less cash acquired	1.4	
Investment in and advances to unconsolidated affiliates	—	1.5
Capital leases	.7	.6
Total Capital Expenditures	**$273.3**	**$234.2**

Financing Activities from Continuing Operations

Cash provided by financing activities decreased $58.2. This decrease is principally attributable to an increase in the use of cash for the purchase of Treasury Stock of $56.2. Net borrowings (short- and long-term proceeds net of repayments) were $239.0 in 2008 versus $243.8 in the prior year. Long-term debt proceeds of $160.5 received in 2008 included $145.0 from Industrial Revenue Bonds.

Total debt at 31 December 2007 and 30 September 2007, expressed as a percentage of the sum of total debt, shareholders' equity, and minority interest, was 41.3% and 39.8%, respectively. Total debt increased from $3,670.9 at 30 September 2007 to $3,975.4 at 31 December 2007.

The Company's total multicurrency revolving facility, maturing in May 2011, amounted to $1,200.0 at 31 December 2007. No borrowings were outstanding under these commitments. Additional commitments totaling $306.4 are maintained by the Company's foreign subsidiaries, of which $196.4 was utilized at 31 December 2007.

The estimated fair value of the Company's long-term debt, including current portion, as of 31 December 2007 was $3,590.4 compared to a book value of $3,511.6.

On 20 September 2007, the Board of Directors authorized the repurchase of up to $1,000 of the Company's outstanding common stock. This action was in addition to an existing $1,500 share repurchase authorization which was announced in March 2006. As of 30 September 2007, the Company had purchased 15.0 million of its outstanding shares at a cost of $1,063.4 under these two authorizations. During the first quarter of fiscal year 2008, the Company purchased 2.0 million of its outstanding shares at a cost of $189.8. The Company will continue to purchase shares under these authorizations at its discretion while maintaining sufficient funds for investing in its businesses and growth opportunities.

CONTRACTUAL OBLIGATIONS

The Company is obligated to make future payments under various contracts such as debt agreements, lease agreements, unconditional purchase obligations and other long-term obligations. There have been no material changes to contractual obligations as reflected in the Management's Discussion and Analysis in the Company's 2007 annual report on Form 10-K.

COMMITMENTS AND CONTINGENCIES

Refer to Note 19 to the consolidated financial statements in the Company's 2007 annual report on Form 10-K and Note 9 in this quarterly filing.

OFF-BALANCE SHEET ARRANGEMENTS

There have been no material changes to off-balance sheet arrangements as reflected in the Management's Discussion and Analysis in the Company's 2007 annual report on Form 10-K. The Company's off-balance sheet arrangements are not reasonably likely to have a material impact on financial condition, changes in financial condition, results of operations, or liquidity.

RELATED PARTY TRANSACTIONS

The Company's principal related parties are equity affiliates operating in industrial gas and chemicals businesses. The Company did not engage in any material transactions involving related parties that included terms or other aspects that differ from those which would be negotiated at arm's length with clearly independent parties.

MARKET RISKS AND SENSITIVITY ANALYSIS

Information on the Company's utilization of financial instruments and an analysis of the sensitivity of these instruments to selected changes in market rates and prices is included in the Company's 2007 annual report on Form 10-K.

There were no material changes to market risk sensitivities for interest rate risk, foreign currency exchange rate risk, or commodity price risk since 30 September 2007.

The net financial instrument position increased from a liability of $3,157.3 at 30 September 2007 to a liability of $3,639.1 at 31 December 2007, primarily due to the issuance of new long-term debt and the impact of a weaker U.S. dollar on the translation of foreign currency debt.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Management's Discussion and Analysis of the Company's financial condition and results of operations is based on the consolidated financial statements and accompanying notes that have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The significant accounting policies of the Company are described in Note 1 to the consolidated financial statements and the critical accounting policies and estimates are described in the Management's Discussion and Analysis included in the 2007 annual report on Form 10-K. Information concerning the Company's implementation and impact of new accounting standards issued by the Financial Accounting Standards Board (FASB) is included in Note 2 to the consolidated financial statements. There have been no changes in accounting policy in the current period that had a material impact on the Company's financial condition, change in financial condition, liquidity or results of operations.

NEW ACCOUNTING STANDARDS

See Note 2 to the consolidated financial statements for information concerning the Company's implementation and impact of new accounting standards.

FORWARD-LOOKING STATEMENTS

This document contains “forward-looking statements” within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management’s reasonable expectations and assumptions as of the date of this document 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, including, without limitation, overall economic and business conditions different than those currently anticipated; future financial and operating performance of major customers and industries served by the Company; 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; consequences of acts of war or terrorism impacting the United States’ and other markets; the effects of a pandemic or epidemic or a natural disaster; charges related to current portfolio management and cost reduction actions; the success of implementing cost reduction programs and achieving anticipated acquisition synergies; the timing, impact, and other uncertainties of future acquisitions or divestitures; unanticipated contract terminations or customer cancellation or postponement of sales; significant fluctuations in interest rates and foreign currencies from that currently anticipated; the impact of new or changed tax and other legislation and regulations in jurisdictions in which the Company and its affiliates operate; the impact of new or changed financial accounting standards; and the timing and rate at which tax credits can be utilized. 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to the Market Risks and Sensitivity Analysis on page 26 of Item 2 in Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Item 4. Controls and Procedures

We maintain a comprehensive set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed in our filings under the Exchange Act is recorded, processed, summarized and reported accurately and within the time periods specified in the SEC’s rules and forms. As of 31 December 2007 (the Evaluation Date), an evaluation was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, the design and operation of these disclosure controls and procedures were effective to provide reasonable assurance of the achievement of the objectives described above.

During the quarter that ended on the Evaluation Date, there was no change in internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1A. Risk Factors.

Changes have been made to the Company's risk factors as disclosed in Form 10-K for the year ended 30 September 2007, reflecting the elimination of the Company's Chemicals reporting segment. Risk factors have been restated below in their entirety.

The Company operates in over 40 countries around the world and faces a variety of risks and uncertainties that could materially affect its future operations and financial performance. Many of these risks and uncertainties are not within the Company's control. Risks that may significantly impact the Company include the following:

Overall Economic Conditions and Demand for Products — General economic conditions in markets in which the Company does business can impact the demand for its goods and services. Decreased demand for its products and services can have a negative impact on the Company's financial performance and cash flow.

Demand for the Company's products and services in part depends on the general economic conditions affecting the countries and industries in which the Company does business. A downturn in economic conditions in a country or industry served by the Company may negatively impact demand for the Company's products and services, in turn negatively impacting the Company's operations and financial results. Further, changes in demand for its products and services can magnify the impact of economic cycles on the Company's businesses. Unanticipated contract terminations by current customers can negatively impact operations, financial results and cash flow. The Company's recent divestiture of certain of its chemicals businesses, along with the potential sale of its polymers business, should make the Company less susceptible to the cyclical nature of the chemicals industry.

Competition — The Company faces strong competition from several large, global competitors and many smaller regional ones in most of its business segments. Inability to compete effectively in a segment could adversely impact sales and financial performance.

The Merchant Gases segment competes with three global industrial gas companies, L'Air Liquide S.A., Linde AG and Praxair, Inc., as well as with several regional competitors in North America (including Airgas, Inc.) and in Europe and Asia. Competition is based primarily on price, product quality, reliability of supply and development of innovative applications.

The Tonnage Gases segment also competes with the three global industrial gas competitors noted above as well as with several regional competitors in North America, Europe and Asia. Competition is based primarily on price, product quality, reliability of supply, development of innovative applications and, in some instances, provision of additional items such as power and steam generation.

The Electronics and Performance Materials segment faces competition on a product-by-product basis against companies ranging from niche suppliers with a single product to larger and more vertically integrated companies. Competition is principally conducted on the basis of price, quality, product performance, reliability of product supply and technical service assistance.

Equipment and Energy competes against many firms based primarily on technological performance, service, technical know-how, price and performance guarantees.

Healthcare competes against many local and regional providers in the United States, including Apria Healthcare Group and Lincare Holdings Inc., and against three large industrial gas companies, L'Air Liquide, S.A., Linde AG and Praxair, Inc., as well as local and regional suppliers in Europe. Competition is based primarily on quality of service. Remaining competitive requires efficient logistic, reimbursement and accounts receivable systems.

Raw Material and Energy Cost and Availability — Volatility in raw material and energy costs, interruption in ordinary sources of supply and an inability to recover unanticipated increases in energy and raw material costs from customers could result in lost sales or significantly increase the cost of doing business.

Electricity is the largest cost input for the production of atmospheric gases in Merchant Gases and Tonnage Gases. Because the Company's industrial gas facilities use substantial amounts of electricity, energy price fluctuations could materially impact the financial performance of these segments. While the Company has been successful in contracting for electricity under multi-year agreements and passing through the cost to its customers, there is no assurance that it will be able to do so in the future.

Hydrocarbons, including natural gas, are the primary feedstock for the production of hydrogen, carbon monoxide and synthesis gas within Merchant Gases and Tonnage Gases. Volatility in hydrocarbon prices can impact the Company's financial performance. While the Company generally passes this risk through to its customers under its take-or-pay contracts by matching feedstock prices to the purchase price of the product being produced, an inability to do so in the future could impact its financial results.

The Company's large delivery truck fleet requires a readily available supply of gasoline and diesel fuel. The Company attempts to pass through increases in the cost of these fuels to its customers whenever possible.

Steel, aluminum and capital equipment subcomponents (such as compressors) are the principal raw materials in the equipment portion of the Equipment and Energy segment. Firm purchase agreements that cover the term of the project provide for adequate raw materials. Coal, petroleum coke and natural gas are the largest cost components for the energy portion of this segment. These costs are mitigated, in part, through long-term cost-pass-through contracts.

The Electronics and Performance Materials segment uses a wide variety of raw materials, including alcohols, ethyleneamines, cyclohexamine, acrylonitriles and glycols. The Company purchases these materials from numerous suppliers. Though the Company attempts to pass through increases in the cost of these materials to its customers whenever possible, it is subject to competitive pressures.

Despite the Company's contractual pass-through of the costs of energy, raw materials and delivery fuel, a shortage or interruption in their supply or an increase in any of their prices that cannot be passed on to customers for competitive or other reasons can negatively impact the Company's operations, financial results and cash flow.

Regulatory and Political Risks and Foreign Operations — The Company is subject to extensive government regulation in jurisdictions around the globe in which it does business. Regulations address, among other things, environmental compliance, import/export restrictions, healthcare services, taxes and financial reporting, and can significantly increase the cost of doing business, which in turn can negatively impact the Company's operations, financial results and cash flow.

The Company is subject to government regulation and intervention both in the United States and in all foreign jurisdictions in which it conducts its business. Compliance with applicable laws and regulations results in higher capital expenditures and operating costs and changes to current regulations with which the Company complies can necessitate further capital expenditures and increases in operating costs to enable continued compliance. Additionally, from time to time, the Company is involved in proceedings under certain of these laws and regulations. Foreign operations are subject to political instabilities, restrictions on funds transfers, import/export restrictions and currency fluctuation. Significant areas of regulation and intervention include the following:

Environmental and Health Compliance. The Company is committed to conducting its activities so that there is no or only minimal damage to the environment; there is no assurance, however, that its activities will not at times result in liability under environmental and health regulations. Costs and expenses resulting from such liability may materially negatively impact the Company's operations and financial condition. Overall, environmental and health laws and regulations will continue to affect the Company's businesses worldwide. For a more detailed description of these matters, see "Narrative Description of the Company's Business Generally — Environmental Controls" herein.

Import/Export Regulation. The Company is subject to significant regulatory oversight of its import and export operations due to the nature of its product offerings. The Company voluntarily participates in various government programs designed to enhance supply chain security and promote appropriate screening practices and internal controls regarding its purchases and sales to customers around the world. Penalties for non-compliance can be significant and violation can result in adverse publicity for the Company.

Nationalization and Expropriation. The Company's operations in certain foreign jurisdictions are subject to nationalization and expropriation risk and some of its contractual relationships within these jurisdictions are subject to cancellation without full compensation for loss. The occurrence of any of these risks could have a material, adverse impact on the Company's operations and financial condition. For a more detailed description of these matters, see "Narrative Description of the Company's Business Generally — Foreign Operations" herein.

Home Healthcare Regulation. The Company's Healthcare segment is subject to extensive government regulation, including laws directed at preventing fraud, abuse, kickbacks and false claims, laws regulating billing and reimbursement under various governmental healthcare programs and laws related to the privacy of patient data. Enforcement actions may be brought by the government or by qui tam relaters (private citizens bringing an action on behalf of the government), which could result in the imposition of fines or exclusion from participation in government healthcare programs. Also, the government contracts with regional carriers who administer claims processing for governmental healthcare programs. These carriers conduct both pre-payment and post-payment reviews and audits, which could result in demands for refunds or recoupments of amounts paid. The Company maintains a compliance program designed to minimize the likelihood that it would engage in conduct that violates these requirements or that could result in material refunds or recoupments. In addition, state and federal healthcare programs are subject to reform by legislative and administrative initiatives that could impact the relative cost of doing business and the amount of reimbursement for products and services provided by the Company. The Company closely monitors reform initiatives and participates actively in trade association and other activities designed to influence these reforms.

Taxes. The Company structures its operations to be tax efficient and to make use of tax credits and other incentives when it makes business sense to do so. Nevertheless, changes in tax laws, actual results of operations, final audit of tax returns by taxing authorities, and the timing and rate at which tax credits can be utilized can change the rate at which the Company is taxed, thereby affecting its financial results and cash flow.

Financial Accounting Standards. The Company's financial results can be impacted by new or modified financial accounting standards.

Financial Market Risks — The Company's earnings, cash flow and financial position are exposed to financial market risks worldwide, including interest rate and currency exchange rate fluctuations and exchange rate controls.

The Company operates in over 40 countries. It finances a portion of its operations through United States and foreign debt markets with various short-term and long-term public and private borrowings, and conducts its business in both U.S. dollars and many foreign currencies. Consequently, it is subject to both interest rate and currency exchange rate fluctuations. The Company actively manages the interest rate risk inherent in its debt portfolio in accordance with parameters set by management addressing the type of debt issued (fixed versus floating rate) and the use of derivative financial instruments. The Company strives to mitigate its currency exchange rate risks by minimizing cash flow exposure to adverse changes in exchange rates through the issuance of debt in currencies in which operating cash flows are generated and the use of derivative financials instruments. Derivative counterparty risk is mitigated by contracting with major financial institutions that have investment grade credit ratings. All derivative instruments are entered into for other than trading purposes. For a more detailed analysis of these matters see Note 6 to the Consolidated Financial Statements included under Item 8 herein.

Catastrophic Events — Catastrophic events such as natural disasters, pandemics, war and acts of terrorism, could disrupt the Company's business or the business of its suppliers or customers, any of which disruptions could have a negative impact on the Company's operations, financial results and cash flow.

The Company's operations are at all times subject to the occurrence of catastrophic events outside the Company's control, ranging from severe weather conditions such as hurricanes, floods, earthquakes and storms, to health epidemics and pandemics, to acts of war and terrorism. Any such event could cause a serious business disruption that could affect the Company's ability to produce and distribute its products and possibly expose it to third-party liability claims. Additionally, such events could impact the Company's suppliers, in which event energy and raw materials may be unavailable to the Company, and its customers, who may be unable to purchase or accept the Company's products and services. Any such occurrence could have a negative impact on the Company's operations and financial condition.

Company Undertakings — The Company actively manages its business to protect and optimize its assets and businesses. There is no assurance, however, that the Company's undertakings will result in the intended protections and optimizations. In certain circumstances, the Company's undertakings could negatively impact its operations and financial results.

Operations. Inherent in the Company's operations of its facilities, pipelines and delivery systems are hazards that require continuous oversight and control. If operational risks materialize, they could result in loss of life, damage to the environment or loss of production, all of which could negatively impact the Company's on-going operations, financial results and cash flow. While the safety and security of the Company's operations have always been a priority, the Company has significantly expanded its efforts in this area since the terrorist attacks of September 11, 2001. It has been an active participant in the development and implementation of the American Chemistry Council's Responsible Care Security Code and has implemented this Code at all global facilities. Security vulnerability assessments ("SVA") were conducted and necessary security upgrades implemented at facilities in North American, Europe and Asia. The Company has also developed global security standards to address the safety and security of its global supply chain, and has been validated in the U.S. Customs and Border Protection's "Customs — Trade Partnership Against Terrorism" (C-TPAT) Program. The Company is also focused on meeting the requirements of the new Department of Homeland Security's Chemical Facility Anti-Terrorism Standard as it applies to the Company's U.S. facilities.

Portfolio Management. The Company continuously reviews and manages its portfolio of assets in an attempt to conduct its businesses in a manner to maximize value to its shareholders. Portfolio management involves many variables, including future acquisitions and divestitures, restructurings and re-segmentations and cost-cutting and productivity initiatives. The timing, impact and ability to complete such undertakings, the costs and financial charges associated with such activities and the ultimate financial impact of such undertakings is uncertain and can have a negative short or long-term impact on the Company's operations and financial results.

Insurance. The Company carries public liability and property insurance in amounts that management believes are sufficient to meet its anticipated needs in light of historical experience to cover future litigation and property damage claims. Nevertheless, the occurrence of an unforeseen event for which the Company does not have adequate insurance could result in a negative impact on its financial results and cash flow. There is no assurance that the Company will collect insurance proceeds to which it is entitled if an insurer's business fails or it refuses to pay in a timely manner. Further, there is no assurance that the Company will not incur losses beyond the limits of, or outside the coverage of, its insurance policies.

Security. Acts of terrorism that threaten the Company or its facilities, pipelines, transportation or computer systems could severely disrupt its business operations and adversely affect the results of operations.

IT Risk. The security of the Company's IT systems could be compromised, which could adversely affect its ability to operate. The Company utilizes a global enterprise resource planning (ERP) system and other technologies for the distribution of information both within the Company and to customers and suppliers. The ERP system and other technologies are potentially vulnerable to interruption from viruses, hackers or system breakdown. To mitigate these risks, the Company has implemented a variety of security measures, including virus protection, a state of the art data center, redundancy procedures and recovery processes. A significant system interruption, however, could seriously affect the Company's business operation and financial condition.

Litigation. The Company is involved from time to time in various legal proceedings, including competition, environmental, health, safety, product liability and insurance matters. There is a risk that a lawsuit may be settled or adjudicated for an amount that is not insured. Any such uninsured amount could have a significant impact on the Company's financial condition and cash flow.

Recruiting and Retaining. Continued business success depends on the recruitment, development and retention of qualified employees. The inability to attract, develop or retain quality employees could negatively impact the Company's business objectives which might adversely affect the Company's business operation and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

On 20 September 2007 the Company's Board of Directors authorized the repurchase of an additional $1 billion of common stock. The program does not have a stated expiration date. This additional $1 billion program will be completed at the Company's discretion while maintaining sufficient funds for investing in its businesses and growth opportunities.

Purchases of Equity Securities by the Issuer

Period	(a) Total Number of Shares (or Units) Purchased	(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs(1)(2)
10/1-10/31/07	471,699	$ 97.01	471,699	$390,851,919.45
11/1-11/30/07	1,106,300	$ 94.11	1,106,300	$286,739,468.40
12/1-12/31/07	395,550	$100.84	395,550	$246,851,155.99
TOTAL	1,973,549	$ 96.15	1,973,549	$246,851,155.99

(1) On 22 March 2006, the Company announced plans to purchase up to $1.5 billion of Air Products and Chemicals, Inc. common stock under a share repurchase program approved by the Company's Board of Directors on 16 March 2006.

(2) For the quarter ending 31 December 2007, the Company expended $189.7 million in cash for the repurchase of shares, which was composed of $183.8 million for shares repurchased during the quarter and $5.9 million for shares repurchased in September 2007 and settling in October 2008. $6.0 million was reported as an accrued liability on the balance sheet for share repurchases executed in December 2007 and settling in January 2008.

Item 6. Exhibits.

Exhibits required by Item 601 of Regulation S-K

10.1	Form of Award Agreement under the Long-Term Incentive Plan of the Company, used for FY 2008 awards.
10.2	Air Products and Chemicals, Inc. Corporate Executive Committee Separation Program, as amended and restated effective January 1, 2008.
10.3	Change in Control Severance Agreement was filed as Exhibit 10.1 to the Company's Form 8-K Report filed on December 20, 2007 and is incorporated by reference.
12.	Computation of Ratios of Earnings to Fixed Charges.
31.1.	Certification by the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2.	Certification by the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Air Products and Chemicals, Inc.
(Registrant)

Date: 25 January 2008

By: /s/ Paul E. Huck
Paul E. Huck
Senior Vice President and Chief Financial Officer

EXHIBIT INDEX

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Exhibit 10.1

Confidential Communication to: «First_name» «Last_name»

As we finish a very successful fiscal year and begin another, I would like to take a moment to congratulate you and to thank you for your performance and commitment to our team goals both in the past and looking forward. You play an important role in the present and future performance of our Company.

One of the priorities of our management compensation program is to provide you with the opportunity to share in the long-term success of Air Products. As a result of your performance during the past year, I am pleased to present your 2008 stock awards under the Company's Long-Term Incentive Plan.

As in the past, our long-term incentive awards recognize your contributions to the business, align individual goals and performance with shareholder interests and the longer-term Company focus, and provide you with a competitive pay opportunity. Your 2008 awards include:

- A Nonstatutory *Stock Option* to purchase «Stock_Option» shares of Common Stock at a purchase price of $98.85 per share, which is the 1 October 2007 closing sale price of a share of Common Stock; and
- An award of «RSU» *4-Year Restricted Shares* of Company Common Stock issued to you as of 2 October 2007; and
- «Perf_Share» *Deferred Stock Units* with a three year performance period, each Unit (a "*Performance Share*") being equivalent in value to one share of common Stock. Please note the final version of the performance share payout schedule will be sent to you in a separate communication. The schedule will display how the growth and return measures will define payout opportunities.

We are committed to offering long-term incentive awards for our employees who contribute to our success — both now and in the future. Thank you again for your dedication and on-going contributions to Air Products.

Your 2008 Awards are subject to and contingent upon your agreement to the attached conditions described in Exhibit I. Please read these conditions carefully particularly those dealing with "Prohibited Activity" in Paragraph 17. This letter, together with its Exhibit, constitutes the agreement governing your 2008 Awards (this "Awards Agreement"). Your 2008 Awards are also at all times subject to the applicable provisions of the Long-Term Incentive Plan (the "Plan") and to any determinations made by the Management Development and Compensation Committee of the Board of Directors (or its delegate) with respect to your 2008 Awards as contemplated or permitted by the Plan or the Conditions. In addition, the Committee has established a one-year holding period for a portion of your Nonstatutory

Stock Option. You are expected to hold, for one year, 50% of the net shares (after taxes and commissions) that you receive upon an exercise of the Stock Option.

Neither your 2008 Awards, this Awards Agreement or the Plan constitute a contract of employment, nor do they guarantee your continued employment for any period required for all or any of your 2008 Awards to vest or become exercisable, or to be earned or paid out. Except as otherwise indicated all capitalized words used in this Awards Agreement have the meanings described in the Plan.

WITNESSETH the due execution of this Awards Agreement at Allentown, Pennsylvania effective as of the 1st day of October 2007 intending to be legally bound hereby.

AIR PRODUCTS AND CHEMICALS, INC.

By: ______________________________

John E. McGlade

Exhibit

EXHIBIT I

AIR PRODUCTS AND CHEMICALS, INC. (the "Company")
LONG-TERM INCENTIVE PLAN
FY2008 AWARD AGREEMENT

1. As described in the foregoing grant letter, you are hereby granted FY2007 Awards consisting of Stock Options ("Options"), Restricted Shares of Company Common Stock ("Restricted Shares"), and Deferred Stock Units to be called "Performance Shares" under the Air Products and Chemicals, Inc. Long-Term Incentive Plan (the "Plan"). The Options are "Nonstatutory Stock Options" as described in Section 6 of the Plan. The Restricted Shares are described in Section 8 of the Plan. The Deferred Stock Units are described in Section 9 of the Plan. The Management Development and Compensation Committee of the Company's Board of Directors has approved these Awards subject to the applicable provisions of the Plan and the terms of this Agreement, and contingent upon your execution of this Agreement. Except as noted herein, all capitalized terms used in this Agreement have the meaning ascribed to them in the Plan. A copy of the Plan is available from the Corporate Secretary's Office of the Company, 7201 Hamilton Boulevard, Allentown, PA 18195-1501.

2. Each Option entitles you to purchase one share of Company Common Stock ("Share") at a purchase price of $98.85 (the "Grant Price") as described below. You can first purchase Shares as follows: (i) up to one-third of the Shares may be purchased on or after 1 October 2008 and (ii) up to an additional one-third of such Shares may be purchased on or after 1 October 2009 and 2010, respectively. The Options are granted as of 1 October 2007 and will continue for a period of ten (10) years from such grant date and will expire and no longer be exercisable after 1 October 2017.

3. You may purchase Shares covered by an Option by providing to the Company's agent, Fidelity Stock Plan Services, LLC ("Fidelity"), notice of exercise of the Option in a form designated by Fidelity and the Grant Price of the Shares. Payment of the Grant Price and applicable taxes may be made in cash or by providing an irrevocable exercise notice coupled with irrevocable instructions to Fidelity to simultaneously sell the Shares and deliver to the Company on the settlement date the portion of the proceeds representing the Grant Price and any taxes to be withheld. Payment of the Grant Price may also be made by delivery or attestation of ownership of other Shares of Common Stock owned by you, in which case the number of Shares acquired in the exercise will be reduced by an amount equal in value to the amount of any taxes required to be withheld and by any Shares attested.

4. Your Options terminate as of the close of business on the last day of your employment with the Company and all its Subsidiaries, unless your employment ends due to your death, Disability or Retirement on or after 30 September 2008. Upon your, death, Disability or Retirement on or after 30 September 2008, any

unexercisable portion of the Options will be extended for the remaining term of the award (that is, will become exercisable) as if you have continued to be an active employee of the Company or a Subsidiary. Notwithstanding the above, if your employment with the Company or a Subsidiary is involuntarily terminated by the Company on or after 30 September 2008 due to action necessitated by business conditions, including, but not limited to, job eliminations, workforce reductions, divestitures of facilities, assets or businesses, sale by the Company of a Subsidiary or plant closing, your exercisable Options will not be terminated but will continue to be exercisable in accordance with their terms for six months following your last day of employment with the Company or a Subsidiary.

5. In the event of a Change in Control, the Options become exercisable on the later of the Change in Control or the first date more than six months from grant. In the event of any other change in the outstanding shares of the Common Stock of the Company or the occurrence of certain other awards described in Section 12 of the Plan, an equitable adjustment shall be made in the number or kind of Shares or the Grant Price for Shares covered by your Options.

6. Options are nonassignable and nontransferable except to your Designated Beneficiary, by will or the laws of descent and distribution, or by gift to family members or to trusts of which only family members are beneficiaries. Transfers by gift can be made only after the Option has become exercisable and subject to such administrative procedures and to such restrictions and conditions as the officers of the Company shall determine to be consistent with the purposes of the Plan and the interests of the Company and/or to be necessary or appropriate for compliance with all applicable tax and other legal requirements. Subject to the foregoing, you may transfer Options by gift only by delivering to the Company at its principal offices in Allentown, Pennsylvania, written notice of the intent to transfer the Options on forms to be provided by the Company.

7. The Restricted Shares shall be issued to you, contingent upon your execution of this Agreement, as of 2 October 2007. Upon issuance of the Restricted Shares, you shall have all the rights of a shareholder with respect to the Restricted Shares, including the right to vote such Restricted Shares and receive all dividends or other distributions paid with respect to the Restricted Shares, subject to the restrictions contained in Paragraph 8 below. In the event of any change in the outstanding shares of Common Stock of the Company or the occurrence of certain other events described in Section 12 of the Plan, an equitable adjustment of the number of Restricted Shares covered by this Agreement shall be made consistent with the impact of such change or event upon the rights of the Company's other shareholders, and any additional Shares of Common Stock issued to you as a result of such adjustment shall be Restricted Shares subject to this Agreement, including, without limitation, the restrictions contained in Paragraph 8.

8. The "Restriction Period" with respect to the Restricted Shares shall be the period beginning 2 October 2007 and ending on the earliest of 1 October 2011; your death, Disability or Retirement on or after 30 September 2008, or a Change in Control of the Company. During the Restriction Period, the Restricted Shares may not be sold,

assigned, transferred, encumbered, or otherwise disposed of by you; provided however, that such Restricted Shares may be used to pay the Grant Price by attestation upon your exercise of Stock Options, with the stipulation that the Restricted Shares attested will remain subject to the restrictions of this Paragraph 8 and the terms of this Agreement. If your employment by the Company and all its Subsidiaries is terminated for any reason prior to 30 September 2008, or for any reason other than death, Disability or Retirement prior to 1 October 2011, the Restricted Shares shall be forfeited in their entirety; provided that, in the event of a Change in Control of the Company, your rights to the Restricted Shares shall become immediately transferable and nonforfeitable. At the end of the Restriction Period, all nonforfeited Restricted Shares shall become transferable and otherwise be regular Shares.

9. At the end of the Restriction Period, and, if earlier, upon your election to include the value of the Restricted Shares in your federal taxable income pursuant to Internal Revenue Code Section 83(b), payment of taxes required to be withheld by the Company must be made. When taxation occurs at the end of the Restriction Period, applicable taxes will be withheld by reducing the number of the Restricted Shares issued to you by an amount equal in market value to the taxes required to be withheld. In the event you make a Section 83(b) election, applicable taxes must be paid in cash to the Company at the time the election is filed with the Internal Revenue Service.

10. In the event your employment is terminated due to your death on or after 30 September 2008, the Restricted Shares shall be transferred free of restriction, reduced by any applicable taxes, to your Designated Beneficiary or, if none, to your legal representative.

11. The Performance Shares granted to you are associated with a three year performance cycle ending 30 September 2010. The final version of the performance share payout schedule will be sent to you in a separate communication. The schedule will display how the growth and return measures will define payout opportunities. Subject to the forfeiture conditions contained in Paragraph 12, each earned Performance Share will entitle you to receive, at the end of the Deferral Period (as defined below), one Share.

12. The Deferral Period will begin on the date of this Agreement and will end on 1 October 2010. If your employment by the Company and all its affiliates is terminated for any reason prior to 30 September 2008, all your Performance Shares will be automatically forfeited in their entirety. If your employment by the Company and all its affiliates terminates on or after 30 September 2008, but during the Deferral Period, other than due to death, Disability or Retirement, you will forfeit all of your Performance Shares. If your employment by the Company and all its affiliates is terminated on or after 30 September 2008, but during the Deferral Period, due to death, Disability or Retirement, you will forfeit a pro-rata portion of your earned Performance Shares which portion in each case shall be based on the number of full months you worked following 30 September 2007.

13. Performance Shares earned and not forfeited shall be paid, reduced by the number of Shares equal in market value to any applicable taxes, as soon as administratively practical after the end of the Deferral Period, in Shares. No cash dividends or other amounts shall be payable with respect to the Performance Shares during the Deferral Period. At the end of the Deferral Period, for each earned and nonforfeited Performance Share, the Company will also pay to you a cash payment equal to the dividends which would have been paid on a Share during the Deferral Period ("Dividend Equivalents"), net of applicable taxes.

14. If your employment by the Company or a Subsidiary terminates during the Deferral Period due to death, payment in respect of earned Performance Shares that are not forfeited and of related Dividend Equivalents shall be made, as soon as practical after the Deferral Period, to your Designated Beneficiary or, if none, your legal representative, net of applicable taxes.

15. In the event of any change in the outstanding Shares of Common Stock of the Company or the occurrence of certain other events as described in Section 12 of the Plan, an equitable adjustment of the number of Performance Shares covered by this Agreement shall be made as provided in the Plan.

16. Notwithstanding anything to the contrary above, any Performance Shares earned or paid and any related Dividend Equivalents paid to you may be rescinded within three years of their payment in the event: the earning of such Performance Shares is predicated upon the achievement of financial results that are subsequently the subject of a restatement; the Committee determines in its sole discretion that you engaged in misconduct that caused or partially caused the need for the restatement; and the Performance Shares would not have been earned or a lesser amount of Performance Shares would have been earned based upon the restated financial results. In the event of any such rescission, you shall pay to the Company the amount of any gain realized or payment received as a result of any rescinded payment, in such manner and on such terms as may be required, and the Company shall be entitled to set off against the amount of any such gain or payment any amount owed to you by the Company or any Subsidiary.

17. In the event the Company determines, in its sole discretion, that you have engaged in a "Prohibited Activity" (as defined below), at any time during your employment, or within one year after termination of your employment from the Company or any Subsidiary, the Company may forfeit, cancel, modify, rescind, suspend, withhold, or otherwise limit or restrict any unexpired, unpaid, unexercised, or deferred Awards outstanding under this Agreement, and any exercise, payment, or delivery of an Award or Shares pursuant to an Award may be rescinded within six months after such exercise, payment, or delivery. In the event of any such rescission, you shall pay to the Company the amount of any gain realized or payment received as a result of the rescinded exercise, payment, or delivery, in such manner and on such terms as may be required, and the Company shall be entitled to set off against the amount of any such gain or payment any amount owed to you by the Company or any Subsidiary.

The Prohibited Activities are:

(a) Nondisparagement — making any statement, written or verbal, in any forum or media, or taking any action in disparagement of the Company or any Subsidiary or affiliate thereof (hereinafter, the “Company”), including but not limited to negative references to the Company or its products, services, corporate policies, current or former officers or employees, customers, suppliers, or business partners or associates;

(b) No Publicity — publishing any opinion, fact, or material, delivering any lecture or address, participating in the making of any film, radio broadcast, or television transmission;, or communicating with any representative of the media relating to confidential matters regarding the business or affairs of the Company which you were involved with during your employment;

(c) Nondisclosure of Trade Secrets — failure to hold in confidence all Trade Secrets of the Company that came into your knowledge during your employment by the Company, or disclosing, publishing, or making use of at any time such Trade Secrets, where the term “Trade Secret” means any technical or nontechnical data, formula, pattern, compilation, program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers, or other information similar to any of the foregoing, which (i) derives economic value, actual or potential, from not being generally known to and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy;

(d) Nondisclosure of Confidential Information — failure to hold in confidence all Confidential Information of the Company that came into your knowledge during your employment by the Company, or disclosing, publishing, or making use of such Confidential Information, where the term “Confidential Information” means any data or information, other than Trade Secrets, that is valuable to the Company and not generally known to the public or to competitors of the Company;

(e) Return of Materials — your failure, in the event of your termination of employment for any reason, promptly to deliver to the Company all memoranda, notes, records, manuals, or other documents, including all electronic or other copies of such materials and all documentation prepared or produced in connection therewith, containing Trade Secrets or Confidential Information regarding the Company’s business, whether made or compiled by you or furnished to you by virtue of your employment with the Company; or your failure promptly to deliver to the Company all vehicles, computers, credit cards, telephones, handheld electronic devices, office equipment, and other property furnished to you by virtue of your employment with the Company;

(f) Noncompete and Nonsolicitation — rendering services for any organization as an employee, officer, director, consultant, advisor, agent, broker, independent contractor, principal, or partner, or engaging directly or indirectly in any business which, in the sole judgment of the Company, is or becomes competitive with the Company during the one (1) year period following the termination of your employment; or directly or indirectly soliciting any customer, supplier, contractor, employee, agent, or consultant of the Company with whom you had contact during the last two years of your employment with the Company or became aware of through your employment with the Company, to cease doing business with, or to terminate their employment or business relationship with, the Company; or

(g) Violation of Company Policies — violating any written policies of the Company applicable to you, including, without limitation, the Company's insider trading policy.

The provisions of this Section 17 are in addition to, and shall not supersede, the terms of your Employee Patent and Confidential Information Agreement entered at the time you were employed by the Company.

You expressly acknowledge and affirm that the foregoing provisions of this Section 17 are material and important terms of this Agreement and that your agreement to be bound by the terms of this Section 17 is a condition precedent to your FY2008 Awards.

18. All determinations regarding the interpretation, construction, enforcement, waiver, or modification of this Agreement and/or the Plan shall be made in the Company's sole discretion or, in the case of Executive Officer Awards, by the Committee in its sole discretion and shall be final and binding on you and the Company. Determinations made under this Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.

19. If any of the terms of this Agreement in the opinion of the Company conflict or are inconsistent with any applicable law or regulation of any governmental agency having jurisdiction, the Company reserves the right to modify this Agreement to be consistent with applicable laws or regulations.

20. You understand and acknowledge that the Company holds certain personal information about you, including but not limited to your name, home address, telephone number, date of birth, social security number, salary, nationality, job title, and details of all Shares awarded, cancelled, vested, unvested, or outstanding (the "personal data"). Certain personal data may also constitute "sensitive personal data" within the meaning of applicable local law. Such data include but are not limited to the information provided above and any changes thereto and other appropriate personal and financial data about you. You hereby provide explicit consent to the Company and any Subsidiary to process any such personal data and sensitive personal data. You also hereby provide explicit consent to the Company

and any Subsidiary to transfer any such personal data and sensitive personal data outside the country in which you are employed, and to the United States. The legal persons for whom such personal data are intended are the Company and any third party providing services to the Company in connection with the administration of the Plan.

21. By accepting this award, you acknowledge having received and read the Plan Prospectus, and you consent to receiving information and materials in connection with this Award or any subsequent awards under the Company's long-term performance plans, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by Website access, and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you. This Agreement and the Plan, which is incorporated herein by reference, constitute the entire agreement between you and the Company regarding the terms and conditions of this Award.

22. You submit to the exclusive jurisdiction and venue of the federal or state courts of the Commonwealth of Pennsylvania to resolve all issues that may arise out of or relate to and all determinations made under this Agreement. This Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, without regard to conflicts or choice of law rules or principles.

23. If any court of competent jurisdiction finds any provision of this Agreement, or portion thereof, to be unenforceable, that provision shall be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement shall continue in full force and effect.

24. Neither your FY2008 Awards, this Award Agreement, nor the Plan constitute a contract of employment; nor do they guarantee your continued employment for any period required for all or any of your Options to vest or become exercisable.

Exhibit 10.2

AIR PRODUCTS AND CHEMICALS, INC.
CORPORATE EXECUTIVE COMMITTEE
SEPARATION PROGRAM

As Amended and Restated Effective as of January 1, 2008

ARTICLE I

PURPOSE AND TERM OF PLAN

Section 1.01 Purpose. Air Products and Chemicals, Inc. hereby establishes the Air Products and Chemicals, Inc. Corporate Executive Committee Separation Program (the "Plan") for the purpose of facilitating the planned separations of Covered Executives (as defined below) and providing severance benefits to a Covered Executive.

Section 1.02 Term of the Plan. The Plan, as set forth herein, was originally effective July 17, 2003. This amendment and restatement of the Plan shall be effective January 1, 2008 (the "Effective Date"). The Plan will continue until such time as the Committee (as defined below) acting in its sole discretion, elects to modify, supersede or terminate the Plan in accordance with, and subject to, the provisions of Article V.

ARTICLE II

DEFINITIONS

Section 2.01 "Administrator" shall mean the Committee or, to the extent the Committee delegates its powers in accordance with Section 4.01, its delegate with respect to matters so delegated.

Section 2.02 "Air Products" shall mean Air Products and Chemicals, Inc.

Section 2.03 "Annual Incentive Plan" shall mean the Air Products and Chemicals, Inc. Annual Incentive Plan and/or any similar, successor or substitute short-term bonus plan, program or pay practice.

Section 2.04 "Benefit" or "Benefits" shall mean any or all of the benefits that a Covered Executive is entitled to receive pursuant to Sections 3.02, 3.03 and 3.04 of the Plan.

Section 2.05 "Board" means the Board of Directors of Air Products.

Section 2.06 "Bonus" shall mean 100% of the target bonus for a Covered Executive, determined as of the Covered Executive's Employment Termination Date under the grant guidelines for the Annual Incentive Plan or similar successor or substitute annual incentive plan or program.

Section 2.07 "Cause" shall mean (a) the willful failure of an Executive to substantially perform his or her duties (other than any such failure due to Disability), after a demand for substantial performance is delivered, which demand shall identify the manner in which the Company believes that the Covered Executive has not substantially performed his duties, (b) a Covered Executive's engaging in willful and serious misconduct that has caused or would reasonably be expected to result in material injury to the Company or any of its affiliates, (c) a Covered Executive's conviction of, or entering a plea of nolo contendere to, a crime that constitutes a felony, (d) a Covered Executive's engaging (i) in repeated acts of insubordination or (ii) an act of dishonesty, or (e) violation by the Covered Executive of any provision of Company's Code of Conduct.

Section 2.08 "CEO" shall mean the Chief Executive Officer of Air Products, or a former chief executive officer of Air Products whose removal from such position constituted Good Reason.

Section 2.09 "Change in Control" shall be as defined under the Company's standard change in control agreement for senior executives or, if applicable, the change in control agreement that is in effect for a Covered Executive at the time of the Change in Control.

Section 2.10 "Committee" shall mean the Management Development and Compensation Committee of the Air Products Board of Directors, or such other person or persons appointed by the Board of Directors of the Company, to act on behalf of the Company with respect to the Plan as provided in the Plan.

Section 2.11 "Company" shall mean Air Products and any of its wholly or majority owned subsidiaries and affiliates. The term "Company" shall include any successor to Air Products such as a corporation succeeding to the business of Air Products or any subsidiary, by merger, consolidation or liquidation, or purchase of assets or stock or similar transaction.

Section 2.12 "Covered Executive" shall mean (a) the CEO and (b) each individual who serves as a member of the Company's Corporate Executive Committee.

Section 2.13 "Disability" shall be as defined under the Company's long-term disability plan.

Section 2.14 "Employment Termination Date" shall mean the date on which a Covered Executive incurs a Termination of Employment.

Section 2.15 "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

Section 2.16 "Good Reason" shall mean the occurrence of any of the following without a Covered Executive's consent:

(a) A material adverse change in the Covered Executive's position or office with the Company, or a material diminution in the Covered Executive's duties, reporting responsibilities and authority with the Company, or an assignment to the Covered Executive of duties or responsibilities, which are materially inconsistent with the Covered Executive's status or position with the Company; provided that, any of the foregoing in connection with termination of a Covered Executive's employment for Cause, Retirement or Disability shall not constitute Good Reason.

(b) Reduction of the Covered Executive's Salary or failure by the Company to pay, in substantially equal installments conforming with the Company's normal pay practices, the Covered Executive's Salary; provided, however, that the Company may reduce a Covered Executive's Salary if such reduction is no less favorable to the Covered Executive than the average annual percentage reduction during the applicable Fiscal Year for all Highly Compensated Employees; provided further that the Company may adjust its normal payroll practices with respect to the payment of a Covered Executive's Salary provided that such adjustment is applicable to all Highly Compensated Employees.

(c) A material reduction in a covered Executive's annual incentive opportunities under the Annual Incentive Plan without a corresponding increase in other incentive compensation payable by the Company; provided, however, that the Company may reduce a Covered Executive's annual incentive opportunities under the Annual Incentive Plan if such reduction is on a basis no less favorable to the Covered Executive than the basis upon which the Company reduces the annual incentive opportunities payable to all Highly Compensated Employees during the applicable Fiscal Year;

(d) A material reduction in a Covered Executive's aggregate Company provided benefits under the Company's employee pension benefit, life insurance, medical, dental, health and accident, disability, severance and paid vacation plans, programs and practices; provided however that the Company may reduce or adjust the aggregate benefits payable to a Covered Executive if such reduction is on a basis no less favorable to the Covered Executive than the basis on which the Company reduces aggregate benefits payable with respect to Highly Compensated Employees.

(e) A requirement by the Company that a Covered Executive relocate his or her principal place of employment by more than fifty (50) miles from the location in effect immediately prior to the Change in Control.

Notwithstanding anything to the contrary contained herein, a Covered Executive's termination of employment wll not be treated as for Good Reason as the result of the occurrence of any event specified in the foregoing clauses (a) through (f) (each such event, a "Good Reason Event") unless, within 90 days following the occurrence of such event, the Covered Executive provides written notice to the Company of the occurrence of such event, which notice sets forth the exact nature of the event and the conduct required to cure such event. The Company will have 30 days from the receipt of such notice within which to cure such event (such period, the "Cure Period"). If, during the Cure Period, such event is remedied, the Covered Executive will not be permitted to terminate his or her employment for Good Reason. If, at the end of the Cure Period, the Good Reason Event has not been remedied, a Covered Executive's voluntary termination will be treated as for Good Reason during the 90-day period that follows the end of the Cure Period. If a Covered Executive does not terminate employment during such 90-day period, the Covered Executive will not be permitted to terminate employment and receive the payments and benefits set forth under this Agreement as a result of such Good Reason Event.

Section 2.17 "Highly Compensated Employee" shall mean the highest paid one percent of employees of the Company together with all corporations, partnerships, trusts, or other entities controlling, controlled by, or under common control with, the Company.

Section 2.18 "Long-Term Incentive Plan" shall mean the Air Products and Chemicals, Inc. Long-Term Incentive Plan, approved by Air Products' shareholders most recently on

26 January 2006, together with all predecessor and similar successor or substitute intermediate and/or long-term incentive compensation plan or program.

Section 2.19 “Pension Plans” shall mean, the Air Products and Chemicals, Inc. Pension Plan for Salaried Employees, as amended from time to time together with any similar, succeeding or substitute plan, and the Supplementary Pension Plan of Air Products and Chemicals, Inc. as amended from time to time, together with any similar, succeeding or substitute plan, and any private annuity or pension agreement between the Covered Executive and the Company.

Section 2.20 “Plan” shall mean the Air Products and Chemicals, Inc. Corporate Executive Committee Separation Program, as set forth herein, and as the same may from time to time be amended.

Section 2.21 “Retirement Savings Plan” shall mean the Air Products and Chemicals, Inc. Retirement Savings Plan, as amended from time to time, together with any similar, succeeding or substitute plan.

Section 2.22 “Plan Year” shall mean each period commencing on October 1 during which the Plan is in effect and ending on the subsequent September 30.

Section 2.23 “Salary” shall mean an amount equal to the annual rate of a Covered Executive’s base salary payable to the Covered Executive in all capacities with the Company and its Subsidiaries or affiliates for the Plan Year in which a Covered Executive’s Employment Termination Date occurs.

Section 2.24 “Savings Plans” shall mean the Air Products and Chemicals, Inc. Retirement Savings Plan, as amended from time to time, together with any similar, succeeding or substitute plan, and the Air Products and Chemicals, Inc. Deferred Compensation Plan, as amended from time to time, together with any similar, succeeding or substitute plan.

Section 2.25 “Section 409A” shall mean Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations thereunder as in effect from time to time.

Section 2.26 “Termination of Employment” shall mean termination of the active employment relationship between a Covered Executive and the Company (a) by the Company for reasons other than the Covered Executive’s death, Disability, retirement after attaining age 65 or Cause or (b) by the Covered Executive for Good Reason.

ARTICLE III

ENTITLEMENT TO AND DESCRIPTION OF BENEFITS

Section 3.01 Earned Salary; Accrued Vacation. Upon a Covered Executive’s Termination of Employment, the Company shall pay to the Covered Executive, as soon as practicable but no later than 30 days after the Covered Executive’s Employment Termination Date, the Covered Executive’s (i) Salary, to the extent earned but unpaid as of the Employment

Termination Date, and (ii) vacation pay accrued through the Employment Termination Date. The Covered Executive shall also be entitled to business expenses incurred but unreimbursed as of the Employment Termination Date, earned but unpaid bonuses, and other benefits accrued under the Company's benefit plans as of the Employment Termination Date; provided that such amounts shall be paid to the Covered Executive in accordance with the applicable Company plan, program or policy.

Section 3.02 Cash Benefits. Upon a Covered Executive's Termination of Employment and the Covered Executive's satisfaction of the conditions specified in Section 3.05 of the Plan, the Covered Executive shall be entitled to receive the following Benefits, as well as the Benefits specified in Sections 3.03 and 3.04:

(a) A lump sum cash payment equal to *one times* (in the case of the CEO, *two times*) the sum of the Covered Executive's Salary plus Bonus.

(b) A lump sum cash payment equal to the Covered Executive's Bonus for the Plan Year in which the Employment Termination Date occurs, *multiplied by* a fraction, the numerator of which is the number of days in the current Plan Year through the Covered Executive's Employment Termination Date, and the denominator of which is 365.

(c) (i) If the Covered Executive is a participant in the Pension Plans and not a Core Contribution Participant under the Retirement Savings Plan, a lump sum cash payment equal to the sum of (A) the difference between the actuarial present values as of the Employment Termination Date of the Covered Executive's accrued vested pension benefits under the Pension Plans and those pension benefits calculated by adding one year (in the case of the CEO, two years) of service to the actual service credited under such plans for benefit accrual and vesting purposes, and (B) the actuarial present value as of the Employment Termination Date of any early retirement subsidy available under the Pension Plans, for which the Covered Executive is not eligible due to termination before satisfying age and service requirements for such subsidy, the value of such subsidy to be calculated on the Covered Executive's benefit with the one additional year (in the case of the CEO, two additional years) of credited service. For purposes of determining present values in calculating the pension payment, it shall be assumed that the Covered Executive's benefit will commence in the form of a straight life annuity on the later of the Employment Termination Date or the date on which the Covered Executive could retire and commence a benefit under the Pension Plans without reduction for commencement before the normal retirement date under such Pension Plans were the Covered Executive employed by the Company on such date. The interest rate used for such purposes shall be the average of the average monthly yields for municipal bonds published monthly by Moodys Investors' Service Inc. for the three months immediately preceding the Covered Executive's Employment Termination Date. For purposes of determining actuarial present values in calculating the pension payment, life expectancy assumptions most frequently used by the Pension Plan's actuaries for other purposes shall be used. The calculation of the pension payment described in this subparagraph shall be made by a nationally recognized firm of enrolled actuaries acceptable to the Covered Executive and the Company. The Company shall pay the reasonable fees and expenses of such actuarial firm. The calculation made by such actuarial firm shall be binding on the Covered Executive and the Company.

(ii) If the Covered Executive is a Core Contribution Participant in the Retirement Savings Plan, a lump sum cash payment (in lieu of the payment described in clause (i) above) equal to the Company Core Contributions and Core Credits (as defined in the Savings Plans) that the Covered Executive would have received under the Savings Plans during the one-year period (in the case of the CEO, two-year period) following the Employment Termination Date assuming that (A) the Covered Executive remained actively employed by the Company during such period, (B) the Covered Executive's Salary continued at the higher of the rate in effect on the Employment Termination Date or the rate in effect immediately prior to any purported reduction in the Covered Executive's Salary constituting Good Reason and (C) the Covered Executive's Annual Incentive Plan awards were equal in amount to the higher of the most recent award received prior to the Employment Termination Date and the average of the awards available to the Covered Executive under the Annual Incentive Plan during and/or for each of the three immediately Fiscal Years; provided that the amount payable to the Covered Executive under this clause (C) shall in no event include any Company matching contributions or credits on such Company Core Contributions or Core Credits.

Section 3.03 Non-Cash Benefits. In addition to the Benefits provided under Section 3.02, a Covered Executive shall receive and, subject to the Covered Executive's satisfaction of the conditions specified in Section 3.05 of the Plan, shall be permitted to retain, the following additional benefits:

(a) Following a Covered Executive's Employment Termination Date, the Company will provide to the Covered Executive and the Covered Executive's dependents for one year (in the case of the CEO, two years) following the Covered Executive's Employment Termination Date, benefits equivalent to those provided by the Company under all life insurance, medical, dental, health and accident, long term disability, long term care plans or programs in which the Covered Executive was participating on the Covered Executive's Termination Date or, in the event of a reduction in such benefits constituting Good Reason, equivalent to those provided immediately before such reduction; provided that such benefits will not be provided beyond the period of time during which they would have been provided to the Covered Executive under such plans or programs, as in effect on the Covered Executive's Employment Termination Date or immediately before a reduction constituting Good Reason, had the Covered Executive not had a Termination of Employment and such benefits will be provided for at least the period during which they would have been provided to Covered Executive had this Plan not been in effect. In the event of the Covered Executive's death during such one-year period (in the case of the CEO, two-year period), benefits in respect of the Covered Executive or to the Covered Executive's beneficiaries will be provided in accordance with the terms of such plans or programs as if the Covered Executive were actively employed by the Company on the date of deathof the Company. Any continuation of benefits pursuant to this subparagraph shall not run concurrent with any continuation rights provided pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), and for purposes of applying COBRA with respect to the Covered Executive's coverage under any group health plan, the end of coverage under this subparagraph shall be deemed to be the date of a qualifying event resulting from the termination of a Covered Executive. Except as specifically permitted by Section 409A, the coverage provided to a Covered Executive during any calendar year will not (i) affect the coverage to be provided to the Covered Executive in any other calendar year or (ii) be subject to liquidation or exchange for another benefit. Notwithstanding anything herein to the contrary, the cost of continued coverage pursuant to this Section 3.03(a) shall be shared by the Covered Executive and the Company in the same proportion and on the same terms as such costs were shared by the Covered Executive and the Company prior to the Employment Termination Date or the proportion and terms in effect immediately prior to any purported change constituting Good Reason.

(b) Outplacement assistance at times and locations that are convenient to the Covered Executive; provided that such outplacement services will be provided for a period of no more than 12 months following the Employment Termination Date.

Section 3.04 Long-Term Incentive Plan Benefits. In addition to the Benefits payable under Sections 3.02 and 3.03, a Covered Executive's Long-Term Incentive Plan awards shall, subject to the Covered Executive's satisfaction of the conditions specified in Section 3.05 of the Plan, be treated in accordance with this Section 3.04.

(a) The following rules shall apply only with respect to awards granted prior to the Effective Date to an individual who was a Covered Executive on September 30, 2007:

(i) All stock options and stock appreciation rights which have been outstanding for at least one year prior to the Covered Executive's Employment Termination Date shall continue to vest in accordance with their normal vesting schedule (if not fully vested as of the Employment Termination Date) and shall remain in effect for the remainder of their stated term, as set forth in the agreements governing such awards, in each case as if the Covered Executive had continued in employment following the Employment Termination Date. All other stock options and stock appreciation rights shall terminate and be forfeited on the Covered Executive's Employment Termination Date.

(ii) All unvested performance shares or other awards with performance-based vesting shall vest consistent with the decision made by or on behalf of the Company for other senior executives for the relevant cycle and payments in respect thereof shall be made within 30 days of vesting.

(iii) All awards, including career shares, deferred performance shares and restricted stock, that are subject to time-based vesting or other non-performance-based conditions, shall become fully vested and payments in respect thereof shall be made on the day after the Release Effective Date (as defined below).

(b) The following rules shall apply with respect to awards granted prior to the Effective Date to an individual who becomes a Covered Executive after September 30, 2007 and with respect to all awards granted to any Covered Executive on or after the Effective Date:

(i) All stock options and stock appreciation rights that are exercisable as of the Covered Executive's Employment Termination Date shall continue to be exercisable following such Employment Termination Date and shall remain exercisable for the remainder of the term applicable to the stock option or stock appreciation right. All stock options and stock appreciation rights that are not exercisable as of the Covered

Executive's Employment Termination Date shall automatically terminate as of the Employment Termination Date.

(ii) All unearned performance shares and other awards with performance-based vesting shall vest as of the Covered Executive's Employment Termination Date in an amount determined by multiplying (A) the number of shares or units that would have been earned under the award at a target level of performance by (B) a fraction, the numerator of which is the number of full months that shall have elapsed since the beginning of the applicable performance period and the denominator of which shall be the number of full months in such performance period. Payments in respect of such vested awards shall be made on the day after the Release Effective Date (as defined below).

(iii) All other awards, including deferred stock units (other than deferred stock units that vest under the Long-Term Incentive Plan or the applicable award agreement upon a Covered Executive's death, disability or retirement) and restricted stock, that are subject to time-based vesting or other non-performance based conditions shall vest as of the Covered Executive's Employment Termination Date in an amount determined by multiplying (A) the number of shares or units that are subject to the award by (B) a fraction, the numerator of which is the number of full months that shall have elapsed since the beginning of the applicable vesting period and the denominator of which is the number of full months in the vesting period. Deferred stock units that become vested under the Long-Term Incentive Plan or applicable award agreement upon a Covered Executive's death, disability or retirement shall become fully vested on the Covered Executive's Employment Termination Date. Payments in respect of such vested awards shall be made on the day after the Release Effective Date (as defined below).

(c) For purposes of this Section 3.04, fractional shares of Common Stock shall be rounded up to the next highest whole share of stock.

(d) Notwithstanding anything herein to the contrary, the treatment of Long-Term Incentive Plan awards held by a Covered Executive whose Termination of Employment is a Retirement (as defined in the Long Term Incentive Plan) shall be determined under the Long-Term Incentive Plan and applicable award agreement (and not under this Section 3.04)) to the extent determined by the Committee on the Covered Executive's Employment Termination Date to be more favorable to the Covered Executive; provided that, unearned performance shares and other awards with performance-based vesting shall instead be settled in accordance with Section 3.04(b)(ii) of the Plan (and not the Long-Term Incentive Plan and applicable award agreement).

Section 3.05 Conditions to Entitlement to Benefit. To be eligible to receive (or, in the case of benefits provided under Section 3.03, retain the value of) any Benefits under the Plan after the Covered Executive's Employment Termination Date has been set, a Covered Executive must (a) continue in his then current office and perform such duties for the Company as are typically related to the Covered Executive's position (or such other position as the Board reasonably requests) including identifying, recruiting and/or transitioning the Covered Executive's successor, in all events performing all assigned duties in the manner reasonably directed by the CEO in his sole discretion, or if the CEO is the Covered Officer, by the Board in its sole discretion, and cease his employment on the Employment Termination Date; (b) prior to the 60th day following the Employment Termination Date, execute a release and discharge of the Company, in substantially the form attached hereto as Appendix A, from any and all claims, demands or causes of action (other than as provided in said Appendix A) and such release must become effective and irrevocable prior to the 60th day following the Employment Termination Date (such 60th day, the “Release Effective Date”); and (c) prior to the Release Effective Date, execute a noncompetition, nonsolicitation, and nondisparagement agreement that extends for the two-year period following the Covered Executive’s Employment Termination Date in substantially the form attached hereto as Appendix B, with such changes therein as the Administrator shall determine, in his discretion, acting on behalf of the Company. No Benefits due hereunder shall be paid to a Covered Executive who has not complied in all respects with the requirements of this Section 3.05.

Section 3.06 Method of Payment. Benefits under the Plan shall be paid as follows:

(a) The cash Benefits determined pursuant to Section 3.02 hereof shall be paid in a lump sum, subject to all employment and withholding taxes applicable to the type of payments made. Such payments shall be made on the day after the Covered Executive’s Release Effective Date.

(b) The non-cash Benefits described in Section 3.03 shall be provided after the Employment Termination Date in accordance with the applicable Company plan, program or policy; provided that if the Covered Executive fails to comply with all of the conditions set forth in Section 3.05, the Covered Executive shall be required to repay to the Company in cash within five (5) business days after written demand is made therefor by the Company, an amount equal to the value of any Benefit received under Section 3.03.

(c) Long-Term Incentive Plan awards referred to in Section 3.04 will be paid on the later of the date contemplated under the applicable award agreement and the date (if any) provided for under Section 3.04; provided that payment shall be made in accordance with the applicable award agreement to the extent required to avoid taxes or penalties under Section 409A.

Section 3.07 Death or Disability. If a Covered Executive incurs Disability or dies before the Employment Termination Date has been set, no Plan payments or other benefits will be due and owing to the Covered Executive or, in the case of his death, to his estate or beneficiary.

If a Covered Executive incurs Disability or dies after his Employment Termination Date has been set but not attained, the Administrator shall cause any Benefits due under the Plan to be paid to the Covered Executive or, in the case of his death, to the Covered Executive’s Designated Beneficiaryas defined in the Long Term Incentive Plan; provided, however, that if the Covered Executive dies after he has retired prior to attaining the Employment Termination Date, no Benefits shall be due and owing under the Plan to the Covered Executive’s designated beneficiary, his estate, or any other person. For this purpose, “retire” means to have separated from employment and begun to receive an immediate pension benefit under a Company-sponsored defined benefit pension plan.

Section 3.08 Change in Control. In the event of a Change in Control of the Company, the change in control agreement applicable to the Covered Executive shall continue in full force and effect and the Plan shall be null and void; and, if the Change in Control occurs after the Employment Termination Date has been set but before the Employment Termination Date, the change in control agreement applicable to the Covered Executive shall continue in full force and effect and the Employment Termination Date under the Plan shall be treated under the change in control agreement as the Covered Executive's "Termination Date" for other than death, "Disability" or "Cause", as such terms appearing in quotations are defined in the change in control agreement, and the Plan shall be null and void.

ARTICLE IV

ADMINISTRATION

Section 4.01 Authority and Duties. It shall be the duty of the Administrator, on the basis of information supplied by the Company, to determine the entitlement of each Covered Executive to Benefits under the Plan and to approve the amount of the cash Benefits payable to each such Covered Executive. The Company shall make such payments as the Administrator determines to be due to Covered Executives. The Administrator shall have the full power and authority to (a) determine whether a Covered Executive's termination of employment with the Company constitutes a Termination of Employment for purposes of the Plan and (b) construe, interpret and administer the Plan, to correct deficiencies therein, and to supply omissions. All decisions, actions, and interpretations of the Administrator shall be final, binding, and conclusive upon the parties. The Committee may delegate to appropriate Company officers its authority and its duties as it shall deem appropriate in its sole discretion, and the actions of such person or persons shall have the same force and effect as any action of the Committee in respect of the Plan (other than any action by such person or persons to delegate the Committee's duties or authority hereunder); provided, however, that the Committee shall retain authority to approve any payments to persons who are treated as executive officers of the Company for U.S. securities law purposes.

Section 4.02 Expenses of the Administrator. All reasonable expenses of the Administrator shall be paid or reimbursed by the Company upon proper documentation. The Company shall indemnify and defend the Administrator against personal liability for actions taken in good faith in the discharge of its duties hereunder.

Section 4.03 Actions of the Administrator. Whenever a determination is required of the Administrator under the Plan, such determination shall be made solely at the discretion of the Administrator. In addition, the exercise of discretion by the Administrator need not be uniformly applied to similarly situated Covered Executives and shall be final and binding on each Covered Executive or beneficiary (ies) to whom the determination is directed.

ARTICLE V

AMENDMENT AND TERMINATION

The Company, acting through the Committee, retains the right, at any time and from time to time, to amend, suspend, or terminate the Plan in whole or in part, for any reason, and, except as provided below, without either the consent of or the prior notification to any Covered Executive. Notwithstanding the foregoing and except as specifically provided under Section 7.12(d), no such amendment, suspension or termination shall (a) give the Company the right to recover any amount paid to a Covered Executive prior to the date of such action, (b) cause the cessation and discontinuance of payments of Benefits to any person or persons under the Plan already receiving Benefits, or (c) be effective to terminate or reduce the Benefits or prospective Benefits of any Covered Executive whose Employment Termination Date has been set as of the date of such amendment, suspension or termination (unless the express written consent of the Covered Executive has been obtained with respect thereto).

ARTICLE VI

DUTIES OF THE COMPANY

Section 6.01 Records. The Company shall supply to the Administrator all records and information necessary to the performance of the Administrator's duties.

Section 6.02 Discretion. Any decisions, actions or interpretations to be made under the Plan by the Board, the Committee, the Company, or the Administrator, acting on behalf of the Company, shall be made in its or their respective sole discretion, not in any fiduciary capacity and need not be uniformly applied to similarly situated individuals and shall be final, binding and conclusive upon all parties.

ARTICLE VII

MISCELLANEOUS

Section 7.01 Nonalienation of Benefits. None of the payments, Benefits or rights of any Covered Executive shall be subject to any claim of any creditor, and, in particular, to the fullest extent permitted by law, all such payments, Benefits and rights shall be free from attachment, garnishment, trustee's process, or any other legal or equitable process available to any creditor of such Covered Executive. No Covered Executive shall have the right to alienate, anticipate, commute, pledge, encumber or assign any of the Benefits or payments which he may expect to receive, contingently or otherwise, under the Plan.

Section 7.02 No Contract of Employment. Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any Benefits shall be construed as giving any Covered Executive, or any person whosoever, the right to be retained in the service of the Company, and all Covered Executives shall remain subject to discharge to the same extent as if the Plan had never been adopted.

Section 7.03 Entire Agreement. Except as may be provided in a change in control agreement that is in effect for a Covered Executive at the time of a Change in Control between the Company and a Covered Executive, this Plan document, as it may be amended by the Committee, and the documents specifically referenced herein, or in such amendment, shall constitute the entire agreement between the Company and the Covered Executive with respect to the Benefits promised hereunder and no other agreements, representations, oral or otherwise, express or implied, with respect to such Benefits or any severance benefits shall be binding on the Company.

Section 7.04 Severability of Provisions. If any provision of the Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and the Plan shall be construed and enforced as if such provisions had not been included.

Section 7.05 Successors, Heirs, Assigns, and Personal Representatives. The Plan shall be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Covered Executive, present and future.

Section 7.06 Headings and Captions. The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

Section 7.07 Gender and Number. Except where otherwise clearly indicated by context, the masculine and the neuter shall include the feminine and the neuter; the singular shall include the plural, and vice-versa.

Section 7.08 Unfunded Plan. The Plan shall not be funded. The Company may, but shall not be required to, set aside or earmark an amount necessary to provide the Benefits specified herein (including the establishment of trusts). In any event, no Covered Executive shall have any right to, or interest in, any assets of the Company.

Section 7.09 Payments to Incompetent Persons, Etc. Any Benefit payable to or for the Benefit of a minor, an incompetent person or other person incapable of receipting therefor shall be deemed paid when paid to such person’s guardian or to the party providing or reasonably appearing to provide for the care of such person, and such payment shall fully discharge the Company, the Administrator and all other parties with respect thereto.

Section 7.10 Lost Payees. A Benefit shall be deemed forfeited if the Administrator is unable to locate a Covered Executive to whom a Benefit is due. Such Benefit shall be reinstated if application is made by the Covered Executive for the forfeited Benefit while the Plan is in operation.

Section 7.11 Controlling Law and Nature of Plan. The Plan shall be construed and enforced according to the laws of the Commonwealth of Pennsylvania to the extent not preempted by Federal law. The Plan is not intended to be included in the definitions of “employee pension benefit plan” and “pension plan” set forth under Section 3(2) of the

Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Rather, the Plan is intended to meet the descriptive requirements of a plan constituting a “severance pay plan” within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations, Section 2510.3-2(b).

Section 7.12 Section 409A.

(a) It is intended that the provisions of this Plan comply with Section 409A, and all provisions of this Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

(b) Neither the Covered Executive nor any of the Covered Executive’s creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Plan or under any other plan, policy, arrangement or agreement of or with the Company or any of its affiliates (this Plan and such other plans, policies, arrangements and agreements, the “Company Plans”) to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to the Covered Executive or for the Covered Executive’s benefit under any Company Plan may not be reduced by, or offset against, any amount owing by the Covered Executive to the Company or any of its affiliates.

(c) If, at the time of the Covered Executive’s separation from service (within the meaning of Section 409A), (i) the Covered Executive shall be a specified employee (within the meaning of Section 409A and using the indemnification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable under a Company Plan constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule as set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead accumulate such amount and pay it, without interest, on the first business day after such six-month period.

(d) Notwithstanding any provision of this Plan or any Company Plan to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Plan and any Company Plan as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, the Covered Executive is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Covered Executive for the Covered Executive’s account in connection with any Company Plan (including any taxes and penalties under Section 409A), and neither the Company nor any affiliate shall have any obligation to indemnify or otherwise hold the Covered Executive harmless from any or all of such taxes or penalties.

IN WITNESS WHEREOF, the Company, intending to be legally bound hereby, has caused the Plan to be adopted and approved by the execution of its duly authorized officers as of January 1, 2008.

AIR PRODUCTS AND CHEMICALS, INC.

Date: ____________________	By: ____________________ Vice President — Human Resources

APPENDIX A

GENERAL RELEASE

1. I, ____________________ (the "Executive"), for and in consideration of (a) certain severance benefits to be paid and provided to me by Air Products and Chemicals, Inc. (the "Company") under the Air Products and Chemicals, Inc. Corporate Executive Committee Separation Program (the "Plan") and (b) the Company's execution of a release in favor of the Executive, on the date this General Release becomes irrevocable, substantially in the form attached hereto as Annex 1, and conditioned upon such payments and provisions, do hereby REMISE, RELEASE, AND FOREVER DISCHARGE Air Products and Chemicals, Inc. (the "Company") and each of its past or present subsidiaries and affiliates, its and their past or present officers, directors, shareholders, employees and agents, their respective successors and assigns, heirs, executors and administrators, the pension and employee benefit plans of the Company, or of its past or present subsidiaries or affiliates, and the past or present trustees, administrators, agents, or employees of the pension and employee benefit plans (hereinafter collectively included within the term the "Company"), acting in any capacity whatsoever, of and from any and all manner of actions and causes of actions, suits, debts, claims and demands whatsoever in law or in equity, which I ever had, now have, or hereafter may have, or which my heirs, executors or administrators hereafter may have, by reason of any matter, cause or thing whatsoever from the beginning of my employment with the Company to the date of these presents and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to my employment relationship and the termination of my employment relationship with the Company, including but not limited to, any claims which have been asserted, could have been asserted, or could be asserted now or in the future under any federal, state or local laws, including any claims under the Pennsylvania Human Relations Act, 43 PA. C.S.A. §§ 951 et seq., as amended, the Rehabilitation Act of 1973, 29 USC §§ 701 et seq., as amended, Title VII of the Civil Rights Act of 1964, 42 USC §§ 2000e et seq., as amended, the Civil Rights Act of 1991, 2 USC §§ 60/ et seq., as applicable, the Age Discrimination in Employment Act of 1967, 29 USC §§ 621 et seq., as amended ("ADEA"), the Americans with Disabilities Act, 29 USC §§ 706 et seq., and the Employee Retirement Income Security Act of 1974, 29 USC §§ 301 et seq., as amended, any contracts between the Company and me and any common law claims now or hereafter recognized and all claims for counsel fees and costs; provided, however, that this Release shall not apply to any entitlements under the terms of the Plan or under any other plans or programs of the Company in which I participated and under which I have accrued and become entitled to a benefit other than under any Company separation or severance plan or programs. Notwithstanding the foregoing, I understand that I shall be indemnified by the Company as to any liability, cost or expense for which I would have been indemnified during employment, in accordance with the Company's certificate of incorporation or insurance coverages in force for employees of the Company serving in executive capacities for actions taken on behalf of the Company within the scope of my employment by the Company.

2. Subject to the limitations of paragraph 1 above, I expressly waive all rights afforded by any statute which expressly limits the effect of a release with respect to unknown claims. I understand the significance of this release of unknown claims and the waiver of statutory protection against a release of unknown claims.

3. I hereby agree and recognize that my employment by the Company was/will be permanently and irrevocably severed on ____________________, 20_____ and the Company has no obligation, contractual or otherwise to me to hire, rehire or reemploy me in the future. I acknowledge that the terms of the Plan provide me with payments and benefits which are in addition to any amounts to which I otherwise would have been entitled.

4. I hereby agree and acknowledge that the payments and benefits provided by the Company are to bring about an amicable resolution of my employment arrangements and are not to be construed as an admission of any violation of any federal, state or local statute or regulation, or of any duty owed by the Company and that the Plan was, and this Release is, executed voluntarily to provide an amicable resolution of my employment relationship with the Company.

5. I hereby acknowledge that nothing in this Release shall prohibit or restrict me from: (a) making any disclosure of information required by law; (b) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, any self-regulatory organization, or the Company's designated legal, compliance or human resources officers; or (c) filing, testifying, participating in or otherwise assisting in a proceeding relating to an alleged violation of any federal, state or municipal law relating to fraud, or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

6. I hereby certify that I have read the terms of this Release, that I have been advised by the Company to discuss it with my attorney, that I have received the advice of counsel and that I understand its terms and effects. I acknowledge, further, that I am executing this Release of my own volition with a full understanding of its terms and effects and with the intention of releasing all claims recited herein in exchange for the consideration described in the Agreement, which I acknowledge is adequate and satisfactory to me. None of the above named persons, nor their agents, representatives or attorneys have made any representations to me concerning the terms or effects of this Release other than those contained herein.

7. I hereby acknowledge that I have been informed that I have the right to consider this Release for a period of 21 days prior to execution. I also understand that I have the right to revoke this Release for a period of seven days following execution by giving written notice to the Company at 7201 Hamilton Boulevard, Allentown Pennsylvania 18195-1501, Attention: General Counsel.

8. I hereby further acknowledge that the terms of Appendix B of the Plan continue to apply for the balance of the time periods provided therein and that I will abide by and fully perform such obligations.

Intending to be legally bound hereby, I execute the foregoing Release this ___ day of ____________________, 20 ___.

______________________________	______________________________
Witness	Executive

ANNEX 1

GENERAL RELEASE

1. Air Products and Chemicals, Inc. (the “Company”) on its behalf and on behalf of its subsidiaries and affiliates, their officers, directors, partners, employees and agents, their respective successors and assigns, heirs, executors and administrators (hereinafter collectively included within the term “Company”), for and in consideration of ____________________ (the “Executive”) executing the general release of claims against the Company dated ____________________ (the “Executive’s Release of the Company”), and other good and valuable consideration, does hereby REMISE, RELEASE, AND FOREVER DISCHARGE the Executive, his assigns, heirs, executors and administrators (hereinafter collectively included within the term “Executive”), acting in any capacity whatsoever, of and from any and all manner of actions and causes of actions, suits, debts, claims and demands whatsoever in law or in equity, which it ever had, now have, or hereafter may have, by reason of any matter, cause or thing whatsoever from the beginning of the Executive’s employment with the Company to the date of this Release arising from or relating in any way to the Executive’s employment relationship and the termination of his employment relationship with the Company, including but not limited to, any claims which have been asserted, could have been asserted, or could be asserted now or in the future under any federal, state or local laws, any contracts between the Company and the Executive, other than the Executive’s Release of the Company, the Executive’s Noncompetition, Nonsolicitation, and Nondisparagement Agreement with the Company, and the Employee Patent and Confidential Information Agreement entered into by the Executive on ____________________, and any common law claims now or hereafter recognized and all claims for counsel fees and costs, but in no event shall this release apply to any action attributable to a criminal act or to an action outside the scope of the Executive’s employment.

2. Subject to the limitations of paragraph 1 above, the Company expressly waives all rights afforded by any statute which expressly limits the effect of a release with respect to unknown claims. The Company understands the significance of this release of unknown claims and the waiver of statutory protection against a release of unknown claims.

3. The Company hereby certifies that it has been advised by counsel in the preparation and review of this Release.

Intending to be legally bound hereby, Air Products and Chemicals, Inc. executes the foregoing Release this ___ day of ____________________, 20_____.

________________________________	By: ________________________________
Witness	

APPENDIX B

NONCOMPETITION, NONSOLICITATION, AND NONDISPARAGEMENT AGREEMENT

I, ____________________ (the "Executive"), for and in consideration of (a) certain severance benefits to be paid and provided to me by Air Products and Chemicals, Inc. (the "Company") under the Air Products and Chemicals, Inc. Corporate Executive Committee Separation Program (the "Plan"), and (b) the Company's execution of a release in favor of the Executive, I, the Executive, hereby covenant and agree as follows:

1. The Executive acknowledges that the Company is generally engaged in business throughout the world. During the Executive's employment by the Company and for two years after the Executive's Employment Termination Date (as defined in the Plan), the Executive agrees that he will not, unless acting with the prior written consent of the Company, directly or indirectly, own, manage, control, or participate in the ownership, management or control of, or be employed or engaged by, or otherwise affiliated or associated with, as an officer, director, employee, consultant, independent contractor or otherwise, any other corporation, partnership, proprietorship, firm, association, or other business entity, or otherwise engage in any business which is engaged in any manner anywhere in any business which, as of the Employment Termination Date, is engaged in by the Company, has been reviewed with the Board for development to be owned or managed by the Company, and/or has been divested by the Company but as to which the Company has an obligation to refrain from involvement, but only for so long as such restriction applies to the Company; provided, however, that the ownership of not more than 5% of the equity of a publicly traded entity shall not be deemed to be a violation of this paragraph.

2. The Executive also agrees that he will not, directly or indirectly, during the period described in paragraph (1), induce any person who is an employee, officer, director, or agent of the Company, to terminate such relationship, or employ, assist in employing or otherwise be associated in business with any present or former employee or officer of the Company, including without limitation those who commence such positions with the Company after the Employment Termination Date.

3. For the purposes of this Agreement, the term "Company" shall be deemed to include Air Products and the subsidiaries and affiliates of Air Products.

4. The Executive acknowledges and agrees that the restrictions contained in this Agreement are reasonable and necessary to protect and preserve the legitimate interests, properties, goodwill and business of the Company, that the Company would not have entered into this Agreement in the absence of such restrictions and that irreparable injury will be suffered by the Company should the Executive breach the provisions of this Section. The Executive represents and acknowledges that (a) the Executive has been advised by the Company to consult the Executive's own legal counsel in respect of this Agreement, (b) the Executive has consulted with and been advised by his own counsel in respect of this Agreement, and (c) the Executive

has had full opportunity, prior to execution of this Agreement, to review thoroughly this Agreement with the Executive's counsel.

5. The Executive further acknowledges and agrees that a breach of the restrictions in this Agreement will not be adequately compensated by monetary damages. The Executive agrees that the Company shall be entitled to (a) preliminary and permanent injunctive relief, without the necessity of proving actual damages, or posting of a bond, (b) an equitable accounting of all earnings, profits and other benefits arising from any violation of this Agreement, and (c) enforce the terms, including requiring forfeitures, under other plans, programs and agreements under which the Executive has been granted a benefit contingent on a covenant similar to those contained in this Agreement, which rights shall be cumulative and in addition to any other rights or remedies to which the Company may be entitled. In the event that the provisions of this Agreement should ever be adjudicated to exceed the limitations permitted by applicable law in any jurisdiction, it is the intention of the parties that the provision shall be amended to the extent of the maximum limitations permitted by applicable law, that such amendment shall apply only within the jurisdiction of the court that made such adjudication and that the provision otherwise be enforced to the maximum extent permitted by law.

6. If the Executive breaches his obligations under this Agreement, he agrees that suit may be brought, and that he consents to personal jurisdiction, in the United States District Court for the Eastern District of Pennsylvania, or if such court does not have jurisdiction or will not accept jurisdiction, in any court of general jurisdiction in Allentown, Pennsylvania; consents to the non-exclusive jurisdiction of any such court in any such suit, action or proceeding; and waives any objection which he may have to the laying of venue of any such suit, action or proceeding in any such court. The Executive also irrevocably and unconditionally consents to the service of any process, pleadings, notices or other papers.

7. Executive further agrees, covenants, and promises that he will not in any way communicate the terms of this Agreement to any person other than his immediate family and his attorney and financial consultant or when necessary to advise a third party of his obligations under this Agreement. Notwithstanding the foregoing, the Company and Executive also agree that for a period of two years following the Employment Termination Date, Executive will provide and that at all times after the date hereof the Company may similarly provide, with prior written notice to Executive, a copy of this Agreement to any business or enterprise (a) which Executive may directly or indirectly own, manage, operate, finance, join, control or of which he may participate in the ownership, management, operation, financing, or control, or (b) with which Executive may be connected as an officer, director, employee, partner, principal, agent, representative, consultant, or otherwise, or in connection with which Executive may use or permit to be used Executive's name. Executive agrees not to disparage the name, business reputation, or business practices of the Company or its subsidiaries or affiliates, or its or their officers, employees, or directors, and the Company agrees not to disparage the name or business reputation of Executive.

8. The Executive hereby expressly acknowledges and agrees that (a) the provisions of the Employee Patent and Confidential Information Agreement entered into by him on ____________________, shall continue to apply in accordance with its terms, and (b) the provisions of the Executive's outstanding incentive award agreements granted under the

Company's Long-Term Incentive Plan, as defined in the Plan, shall continue to apply in accordance with their terms except as otherwise provided in Section 3.04 of the Plan and except that, for purposes of interpreting the provisions of the first indented clause of Section 2 of the "Conditions"(as defined in, and as set forth in Exhibit A to, each of the Executive's award agreements under the Long-Term Incentive Plan), "in Competition with the Company" shall be construed as provided in this Agreement.

9. No failure or delay on the part of the Company in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any further or other exercise thereof or the exercise of any other right or power hereunder. No modification or waiver of any provision of this Agreement or consent to any departure by any party therefrom shall in any event be effective until the same shall be in writing and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

10. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania without giving effect to its conflict of laws provisions. This Agreement shall extend to and enure to the benefit of the respective successors and assigns of the Company.

Intending to be legally bound hereby, I execute the Noncompetition, Nonsolicitation, and Nondisparagement Agreement this ___ day of ____________________, 20 ___.

______________________________	______________________________
Witness	Executive

Exhibit 12

AIR PRODUCTS AND CHEMICALS, INC., AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(Unaudited)

	Year Ended 30 September					Three Months Ended 31 Dec
	2003	2004	2005	2006	2007	2007
Earnings:						
Income from continuing operations	$422.2	$591.4	$ 677.9	$ 714.9	$1,004.4	$257.0
Add (deduct):						
Provision for income taxes	153.8	219.3	247.1	260.4	279.8	96.1
Fixed charges, excluding capitalized interest	148.7	145.0	140.6	148.5	192.9	47.9
Capitalized interest amortized during the period	6.5	7.0	6.1	6.5	6.4	1.7
Undistributed earnings of less-than-fifty-percent-owned affiliates	(16.2)	(28.7)	(29.2)	(29.2)	(61.2)	(12.8)
Earnings, as adjusted	$715.0	$934.0	$1,042.5	$1,101.1	$1,422.3	$389.9
Fixed Charges:						
Interest on indebtedness, including capital lease obligations	$125.6	$123.2	$ 113.3	$ 120.1	$ 164.0	$ 40.8
Capitalized interest	6.2	7.9	14.9	18.8	14.6	7.2
Amortization of debt discount premium and expense	2.1	1.4	4.1	4.8	4.1	1.2
Portion of rents under operating leases representative of the interest factor	19.4	20.4	23.2	23.6	24.8	5.9
Fixed charges	$153.3	$152.9	$ 155.5	$ 167.3	$ 207.5	$ 55.1
Ratio of Earnings to Fixed Charges (1):	4.7	6.1	6.7	6.6	6.9	7.1

(1) The ratio of earnings to fixed charges is determined by dividing earnings, which includes income from continuing operations before taxes, undistributed earnings of less-than-fifty-percent-owned affiliates, and fixed charges, by fixed charges. Fixed charges consist of interest on all indebtedness plus that portion of operating lease rentals representative of the interest factor (deemed to be 21% of operating lease rentals).

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION

I, John E. McGlade, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Air Products and Chemicals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's

auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 25 January 2008

/s/ John E. McGlade
John E. McGlade
President and Chief Executive Officer

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION

I, Paul E. Huck, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Air Products and Chemicals, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's

auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 25 January 2008

/s/ Paul E. Huck

Paul E. Huck

Senior Vice President and Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Air Products and Chemicals, Inc. (the "Company") on Form 10-Q for the period ending 31 December 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, John E. McGlade, Chief Executive Officer of the Company, and Paul E. Huck, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: 25 January 2008

/s/ John E. McGlade
John E. McGlade
Chief Executive Officer

/s/ Paul E. Huck
Paul E. Huck
Chief Financial Officer