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

FORM 10-K

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

For the fiscal year ended 30 September 2009

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.

7201 Hamilton Boulevard
Allentown, Pennsylvania, 18195-1501
Tel. (610) 481-4911

State of incorporation: Delaware
I.R.S. identification number: 23-1274455

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Registered on:
Common Stock, par value $1.00 per share	New York
Preferred Stock Purchase Rights	New York

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ☑ NO o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES o NO ☑

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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☑ NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

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

Large accelerated filer ☑ Accelerated filer o Non-accelerated filer o (Do not check if a smaller reporting company) Smaller reporting company o

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

The aggregate market value of the voting stock held by non-affiliates of the registrant on 31 March 2009 was approximately $11.8 billion. For purposes of the foregoing calculations all directors and/or executive officers have been deemed to be affiliates, but the registrant disclaims that any such director and/or executive officer is an affiliate.

The number of shares of common stock outstanding as of 20 November 2009 was 211,705,911.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the 2010 Annual Meeting of Shareholders are incorporated by reference into Part III.

AIR PRODUCTS AND CHEMICALS, INC.

ANNUAL REPORT ON FORM 10-K
For the fiscal year ended 30 September 2009

TABLE OF CONTENTS

PART I

Item 1. Business	3
Item 1A. Risk Factors	9
Item 1B. Unresolved Staff Comments	12
Item 2. Properties	13
Item 3. Legal Proceedings	14
Item 4. Submission of Matters to a Vote of Security Holders	14

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities	14
Item 6. Selected Financial Data	16
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	17
Item 7A. Quantitative and Qualitative Disclosures about Market Risk	34
Item 8. Financial Statements and Supplementary Data	41
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	91
Item 9A. Controls and Procedures	91
Item 9B. Other Information	91

PART III

Item 10. Directors, Executive Officers and Corporate Governance	91
Item 11. Executive Compensation	91
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	92
Item 13. Certain Relationships and Related Transactions, and Director Independence	92
Item 14. Principal Accountant Fees and Services	92

PART IV

Item 15. Exhibits and Financial Statement Schedules	92
Signatures	93
Index to Exhibits	96

EX-10.19
EX-10.20
EX-12
EX-21
EX-23.1
EX-24
EX-31.1
EX-31.2
EX-32.1
EX-101 INSTANCE DOCUMENT
EX-101 SCHEMA DOCUMENT
EX-101 CALCULATION LINKBASE DOCUMENT
EX-101 LABELS LINKBASE DOCUMENT
EX-101 PRESENTATION LINKBASE DOCUMENT
EX-101 DEFINITION LINKBASE DOCUMENT

PART I

ITEM 1. BUSINESS

General Description of Business and Fiscal Year 2009 Developments

Air Products and Chemicals, Inc. (the Company), a Delaware corporation originally founded in 1940, serves technology, energy, industrial, and healthcare customers globally with a unique portfolio of products, services, and solutions that include atmospheric gases, process and specialty gases, performance materials, equipment, and services. The Company is the world's largest supplier of hydrogen and helium and has built leading positions in growth markets such as semiconductor materials, refinery hydrogen, natural gas liquefaction, and advanced coatings and adhesives. As used in this report, unless the context indicates otherwise, the term "Company" includes subsidiaries and predecessors of the registrant and its subsidiaries.

As of September 2009, the Company completed the sale of its U.S. Healthcare business.

The Company manages its operations, assesses performance, and reports earnings under four business segments: Merchant Gases; Tonnage Gases; Electronics and Performance Materials; and Equipment and Energy.

Financial Information about Segments

Financial information concerning the Company's four business segments appears in Note 23 to the Consolidated Financial Statements included under Item 8 herein.

Narrative Description of Business by Segments

Merchant Gases

Merchant Gases sells atmospheric gases such as oxygen, nitrogen, and argon (primarily recovered by the cryogenic distillation of air); process gases such as hydrogen and helium (purchased or refined from crude helium); and medical and specialty gases, along with certain services and equipment, throughout the world to customers in many industries, including those in metals, glass, chemical processing, food processing, healthcare, steel, general manufacturing, and petroleum and natural gas industries.

Merchant Gases includes the following types of products:

Liquid bulk—Product is delivered in bulk (in liquid or gaseous form) by tanker or tube trailer and stored, usually in its liquid state, in equipment designed and installed by the Company at the customer's site for vaporizing into a gaseous state as needed. Liquid bulk sales are typically governed by three- to five-year contracts.

Packaged gases—Small quantities of product are delivered in either cylinders or dewars. The Company operates packaged gas businesses in Europe, Asia, and Brazil. In the United States, the Company's packaged gas business sells products only for the electronics and magnetic resonance imaging (principally helium) industries.

Small on-site plants—Customers receive product through small on-sites (cryogenic or noncryogenic generators) either by a sale of gas contract or the sale of the equipment to the customer.

Healthcare products—Customers receive respiratory therapies, home medical equipment, and infusion services. These products and services are provided to patients in their homes, primarily in Europe. The Company has leading market positions in Spain, Portugal, and the United Kingdom, and in Mexico through its equity affiliate.

Electric power is the largest cost component in the production of atmospheric gases—oxygen, nitrogen, and argon. Natural gas is also an energy source at a number of the Company's Merchant Gases facilities. The Company mitigates energy and natural gas price increases through pricing formulas and surcharges. A shortage or interruption of electricity or natural gas supply, or a price increase that cannot be passed through to customers, possibly for competitive reasons, may adversely affect the operations or results of Merchant Gases. During fiscal year 2009, no significant difficulties were encountered in obtaining adequate supplies of energy or raw materials.

Merchant Gases competes worldwide against three global industrial gas companies: L'Air Liquide S.A., Linde AG, and Praxair, Inc., and several regional sellers (including Airgas, Inc.). Competition in industrial gases is based primarily on price, reliability of supply, and the development of industrial gas applications. Competition in the healthcare business involves price, quality, service, and reliability of supply. In Europe, primary healthcare competitors include the same three global industrial gas companies mentioned previously, as well as smaller regional service providers. In some countries such as Spain, Portugal, and the United Kingdom, the Company tenders for significant

parts of the healthcare business with government agencies and is expecting to participate in tenders in some countries over the coming fiscal year.

Merchant Gases sales constituted 44% of the Company's consolidated sales in fiscal year 2009, 40% in fiscal year 2008, and 39% in fiscal year 2007. Sales of atmospheric gases (oxygen, nitrogen, and argon) constituted approximately 21% of the Company's consolidated sales in fiscal year 2009, 18% in fiscal year 2008, and 19% in fiscal year 2007.

Tonnage Gases

Tonnage Gases provides hydrogen, carbon monoxide, nitrogen, oxygen, and syngas principally to the energy production and refining, chemical, and metallurgical industries worldwide. Gases are produced at large facilities located adjacent to customers' facilities or by pipeline systems from centrally located production facilities and are generally governed by contracts with 15 to 20 year terms. The Company is the world's largest provider of hydrogen, which is used by oil refiners to facilitate the conversion of heavy crude feedstock and lower the sulfur content of gasoline and diesel fuels to reduce smog and ozone depletion. The energy production industry uses nitrogen injection for enhanced recovery of oil and natural gas and oxygen for gasification. The metallurgical industry uses nitrogen for inerting and oxygen for the manufacture of steel and certain nonferrous metals. The chemical industry uses hydrogen, oxygen, nitrogen, carbon monoxide, and synthesis gas (a hydrogen-carbon monoxide mixture) as feedstocks in the production of many basic chemicals. The Company delivers product through pipelines from centrally located facilities in or near the Texas Gulf Coast; Louisiana; Los Angeles, California; Alberta, Canada; Rotterdam, the Netherlands; Southern England, U.K.; Northern England, U.K.; Western Belgium; Ulsan, Korea; Nanjing, China; Tangshan, China; Kuan Yin, Taiwan; Singapore; and Camaçari, Brazil. The Company also owns less than controlling interests in pipelines located in Thailand and South Africa.

Tonnage Gases also includes a Polyurethane Intermediates (PUI) business. At its Pasadena, Texas facility, the Company produces dinitrotoluene (DNT) which is converted to toluene diamine (TDA) and sold for use as an intermediate in the manufacture of a major precursor of flexible polyurethane foam used in furniture cushioning, carpet underlay, bedding, and seating in automobiles. Most of the Company's TDA is sold under long-term contracts with raw material cost and currency pass-through to a small number of customers. The Company employs proprietary technology and scale of production to differentiate its polyurethane intermediates from those of its competitors.

Natural gas is the principal raw material for hydrogen, carbon monoxide, and synthesis gas production. Electric power is the largest cost component in the production of atmospheric gases. The Company mitigates energy and natural gas price increases through long-term cost pass-through contracts. Toluene, ammonia, and hydrogen are the principal raw materials for the PUI business and are purchased from various suppliers under multiyear contracts. During fiscal year 2009, no significant difficulties were encountered in obtaining adequate supplies of energy or raw materials.

Tonnage Gases competes in the United States and Canada against three global industrial gas companies: L'Air Liquide S.A., Linde AG, Praxair, Inc., and several regional competitors. Competition is based primarily on price, reliability of supply, the development of applications that use industrial gases, and, in some cases, provision of other services or products such as power and steam generation. The Company also derives a competitive advantage from its pipeline networks, which enable it to provide a reliable and economic supply of products to customers. Similar competitive situations exist in the European and Asian industrial gas markets where the Company competes against the three global companies as well as regional competitors. Global competitors for the PUI business are primarily BASF Corporation and Bayer AG.

Tonnage Gases sales constituted approximately 31% of the Company's consolidated sales in fiscal year 2009, 34% in fiscal year 2008, and 32% in fiscal year 2007. Tonnage Gases hydrogen sales constituted approximately 15% of the Company's consolidated sales in fiscal year 2009, 17% in fiscal year 2008, and 17% in fiscal year 2007.

Electronics and Performance Materials

Electronics and Performance Materials employs applications technology to provide solutions to a broad range of global industries through chemical synthesis, analytical technology, process engineering, and surface science. This segment provides the electronics industry with specialty gases (such as nitrogen trifluoride, silane, arsine, phosphine, white ammonia, silicon tetrafluoride, carbon tetrafluoride, hexafluoromethane, critical etch gases, and tungsten hexafluoride) as well as tonnage gases (primarily nitrogen), specialty chemicals, services, and equipment for the manufacture of silicon and compound semiconductors, thin film transistor liquid crystal displays, and photovoltaic devices. These products are delivered through various supply chain methods, including bulk delivery systems or

distribution by pipelines such as those located in California's Silicon Valley; Phoenix, Arizona; Tainan, Taiwan; Gumi and Giheung, Korea; and Tianjin and Shanghai, China.

Electronics and Performance Materials also provides performance materials for a wide range of products, including coatings, inks, adhesives, civil engineering, personal care, institutional and industrial cleaning, mining, oil refining, and polyurethanes, and focuses on the development of new materials aimed at providing unique functionality to emerging markets. Principal performance materials include polyurethane catalysts and other additives for polyurethane foam, epoxy amine curing agents, and auxiliary products for epoxy systems and specialty surfactants for formulated systems.

The Electronics and Performance Materials segment uses a wide variety of raw materials, including alcohols, ethyleneamines, cyclohexylamine, acrylonitriles, and glycols. During fiscal year 2009, no significant difficulties were encountered in obtaining adequate supplies of energy or raw materials.

The Electronics and Performance Materials segment faces competition on a product-by-product basis against competitors 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, technical innovation, service, and global infrastructure.

Total sales from Electronics and Performance Materials constituted approximately 19% of the Company's consolidated sales in fiscal year 2009, 21% in fiscal year 2008, and 23% in fiscal year 2007.

Equipment and Energy

Equipment and Energy designs and manufactures cryogenic and gas processing equipment for air separation (utilizing membrane technology and adsorption technology), hydrocarbon recovery and purification, natural gas liquefaction (LNG), and helium distribution (cryogenic transportation containers), and serves energy markets in a variety of ways.

Equipment is sold globally to customers in the chemical and petrochemical manufacturing, oil and gas recovery and processing, and steel and primary metals processing industries. The segment also provides a broad range of plant design, engineering, procurement, and construction management services to its customers.

Energy markets are served through the Company's operation and partial ownership of cogeneration and flue gas desulfurization facilities, its development of hydrogen as an energy carrier, and oxygen-based technologies to serve energy markets in the future. The Company owns and operates a cogeneration facility in Calvert City, Kentucky; operates and owns 50% interests in a 49-megawatt fluidized-bed coal-fired power generation facility in Stockton, California and a 24-megawatt gas-fired combined-cycle power generation facility near Rotterdam, the Netherlands; and operates and owns a 47.9% interest in a 112-megawatt gas-fueled power generation facility in Thailand. The Company also operates and owns a 50% interest in a flue gas desulphurization facility in Indiana.

Steel, aluminum, and capital equipment subcomponents (compressors, etc.) are the principal raw materials in the equipment portion of this segment. Adequate raw materials for individual projects are acquired under firm purchase agreements. Coal, petroleum coke, and natural gas are the largest cost components in the production of energy. The Company mitigates these cost components, in part, through long-term cost pass-through contracts. During fiscal year 2009, no significant difficulties were encountered in obtaining adequate supplies of raw materials.

Equipment and Energy competes with a great number of firms for all of its offerings except LNG heat exchangers, for which there are fewer competitors due to the limited market size and proprietary technologies. Competition is based primarily on technological performance, service, technical know-how, price, and performance guarantees.

The backlog of equipment orders (including letters of intent believed to be firm) from third-party customers (including equity affiliates) was approximately $239 million on 30 September 2009, approximately 75% of which is for cryogenic equipment and 13% of which is for LNG heat exchangers, as compared with a total backlog of approximately $399 million on 30 September 2008. The Company expects that approximately $203 million of the backlog on 30 September 2009 will be completed during fiscal year 2010.

Narrative Description of the Company's Business Generally

Foreign Operations

The Company, through subsidiaries, affiliates, and minority-owned ventures, conducts business in over 40 countries outside the United States. Its international businesses are subject to risks customarily encountered in foreign operations, including fluctuations in foreign currency exchange rates and controls, import and export controls, and other economic, political, and regulatory policies of local governments.

The Company has majority or wholly owned foreign subsidiaries that operate in Canada, 17 European countries (including the United Kingdom and Spain), 10 Asian countries (including China, Korea, Singapore, and Taiwan), and four Latin American countries (including Mexico and Brazil). The Company also owns less-than-controlling interests in entities operating in Europe, Asia, Africa, the Middle East, and Latin America (including Italy, Germany, China, Korea, India, Singapore, Thailand, South Africa, and Mexico).

Financial information about the Company's foreign operations and investments is included in Notes 7, 20, and 23 to the Consolidated Financial Statements included under Item 8 herein. Information about foreign currency translation is included under "Foreign Currency" in Note 1, and information on the Company's exposure to currency fluctuations is included in Note 12 to the Consolidated Financial Statements included under Item 8 below and in "Foreign Currency Exchange Rate Risk" included under Item 7A below. Export sales from operations in the United States to unconsolidated customers amounted to $510 million, $629 million, and $677 million in fiscal years 2009, 2008, and 2007, respectively. Total export sales in fiscal year 2009 included $453 million in export sales to affiliated customers. The sales to affiliated customers were primarily equipment sales within the Equipment and Energy segment and Electronic and Performance Materials sales.

Technology Development

The Company pursues a market-oriented approach to technology development through research and development, engineering, and commercial development processes. It conducts research and development principally in its laboratories located in the United States (Trexlertown, Pennsylvania; Carlsbad, California; Milton, Wisconsin; and Phoenix, Arizona); the United Kingdom (Basingstoke, London, and Carrington); Germany (Hamburg); the Netherlands (Utrecht); Spain (Barcelona); and Asia (Tokyo, Japan; Shanghai, China; Giheung, Korea; and Hsinchu, Taiwan). The Company also funds and cooperates in research and development programs conducted by a number of major universities and undertakes research work funded by others—principally the United States Government.

The Company's corporate research groups, which include science and process technology centers, support the research efforts of various businesses throughout the Company. Technology development efforts for use within Merchant Gases, Tonnage Gases, and Equipment and Energy focus primarily on new and improved processes and equipment for the production and delivery of industrial gases and new or improved applications for all such products. Research and technology development for Electronics and Performance Materials supports development of new products and applications to strengthen and extend the Company's present positions. Work is also performed in Electronics and Performance Materials to lower processing costs and develop new processes for the new products.

Research and development expenditures were $116 million during fiscal year 2009, $131 million in fiscal year 2008, and $129 million in fiscal year 2007, and the Company expended $30 million on customer-sponsored research activities during fiscal year 2009, $25 million in fiscal year 2008, and $19 million in fiscal year 2007.

As of 1 November 2009, the Company owns 993 United States patents, 2,728 foreign patents, and is a licensee under certain patents owned by others. While the patents and licenses are considered important, the Company does not consider its business as a whole to be materially dependent upon any particular patent, patent license, or group of patents or licenses.

Environmental Controls

The Company is subject to various environmental laws and regulations in the countries in which it has operations. Compliance with these laws and regulations results in higher capital expenditures and costs. From time to time, the Company is involved in proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act (the federal Superfund law), similar state laws, and the Resource Conservation and Recovery Act (RCRA) relating to the designation of certain sites for investigation and possible cleanup. Additional information with respect to these proceedings is included under Item 3, Legal Proceedings, below. The Company's accounting policy for environmental expenditures is discussed in Note 1, and environmental loss contingencies are discussed in Note 16 to the Consolidated Financial Statements included under Item 8, below.

The amounts charged to income from continuing operations on an after-tax basis related to environmental matters totaled $33 million in fiscal 2009, $31 million in 2008, and $25 million in 2007. These amounts represent an estimate of expenses for compliance with environmental laws, remedial activities, and activities undertaken to meet internal Company standards. Future costs are not expected to be materially different from these amounts.

Although precise amounts are difficult to determine, the Company estimates that in fiscal year 2009 it spent approximately $6 million on capital projects to control pollution versus $7 million in 2008. Capital expenditures to control pollution in future years are estimated at approximately $7 million in 2010 and $7 million in 2011. The cost of any environmental compliance generally is contractually passed through to the customer.

The Company accrues environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The potential exposure for such costs is estimated to range from $95 million to a reasonably possible upper exposure of $109 million. The accrual on the balance sheet for 30 September 2009 was $95.0 million and for 30 September 2008 was $82.9 million. Actual costs to be incurred in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Subject to the imprecision in estimating future environmental costs, the Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a materially adverse effect on its financial condition or results of operations in any one year.

Employees

On 30 September 2009, the Company (including majority-owned subsidiaries) had approximately 18,900 employees, of whom approximately 18,400 were full-time employees and of whom approximately 11,400 were located outside the United States. The Company has collective bargaining agreements with unions at various locations that expire on various dates over the next four years. The Company considers relations with its employees to be satisfactory and does not believe that the impact of any expiring or expired collective bargaining agreements will result in a material adverse impact on the Company.

Available Information

All periodic and current reports, registration statements, and other filings that the Company is required to file with the Securities and Exchange Commission (SEC), including the Company's annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) of the Exchange Act (the 1934 Act Reports), are available free of charge through the Company's Internet website at www.airproducts.com. Such documents are available as soon as reasonably practicable after electronic filing of the material with the SEC. All 1934 Act Reports filed during the period covered by this report were available on the Company's website on the same day as filing.

The public may also read and copy any materials filed by the Company with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy, and information statements, and other information regarding issuers that file electronically with the SEC. The address of that site is www.sec.gov.

Seasonality

Although none of the four business segments are subject to seasonal fluctuations to any material extent, the Electronics and Performance Materials segment is susceptible to the cyclical nature of the electronics industry and to seasonal fluctuations in underlying end-use performance materials markets.

Working Capital

The Company maintains inventory where required to facilitate the supply of products to customers on a reasonable delivery schedule. Merchant Gases inventory consists primarily of industrial, medical, specialty gas, and crude helium inventories supplied to customers through liquid bulk and packaged gases supply modes. Merchant Gases inventory also includes home medical equipment to serve healthcare patients. Electronics inventories consist primarily of bulk and packaged specialty gases and chemicals and also include inventories to support sales of equipment and services. Performance Materials inventories consist primarily of bulk and packaged performance chemical solutions. The Tonnage Gases inventory is primarily Polyurethane Intermediates raw materials and finished goods; the remaining on-site plants and pipeline complexes have limited inventory. Equipment and Energy has limited inventory.

Customers

The Company does not have a homogeneous customer base or end market, and no single customer accounts for more than 10% of the Company's consolidated revenues. The Company and the Tonnage and Electronics and Performance Materials segments do have concentrations of customers in specific industries, primarily refining, chemicals, and electronics. Within each of these industries, the Company has several large-volume customers with long-term contracts. A negative trend affecting one of these industries, or the loss of one of these major customers, although not material to the Company's consolidated revenues, could have an adverse impact on the affected segment.

Governmental Contracts

No segment's business is subject to a government entity's renegotiation of profits or termination of contracts that would be material to the Company's business as a whole.

Executive Officers of the Company

The Company's executive officers and their respective positions and ages on 15 November 2009 follow. Information with respect to offices held is stated in fiscal years.

Name	Age	Office
M. Scott Crocco	45	Vice President and Corporate Controller (became Vice President in 2008; Corporate Controller in 2007; and Director of Corporate Decision Support in 2003)
Robert D. Dixon (A)	50	Senior Vice President and General Manager — Merchant Gases (became Senior Vice President in 2008; Vice President and General Manager — Merchant Gases in 2007; President — Air Products Asia in 2003; and Vice President — Air Products Asia in 2003)
Michael F. Hilton (A)	55	Senior Vice President and General Manager — Electronics and Performance Materials (became Senior Vice President in 2008; Vice President and General Manager — Electronics and Performance Materials in 2007; and Vice President — Electronics Businesses in 2003)
Paul E. Huck (A)	59	Senior Vice President and Chief Financial Officer (became Senior Vice President in 2008; Vice President and Chief Financial Officer in 2004)
Stephen J. Jones (A)	48	Senior Vice President and General Manager, Tonnage Gases, Equipment and Energy (became Senior Vice President and General Manager, Tonnage Gases, Equipment and Energy in 2009; Senior Vice President, General Counsel and Secretary in 2008; Vice President and Associate General Counsel in 2007; and Vice President and General Manager — Industrial Chemicals Division in 2003)
John E. McGlade (A)(B)(C)	55	Chairman, President, and Chief Executive Officer (became Chairman and Chief Executive Officer in 2008; President and Chief Operating Officer in 2006; Group Vice President — Chemicals in 2003)
Lynn C. Minella (A)	51	Senior Vice President — Human Resources and Communications (became Senior Vice President — Human Resources and Communications in 2008; Vice President — Human Resources in 2004)

Name	Age	Office
Scott A. Sherman (A)	58	Senior Vice President — Strategic Development and Execution (became Senior Vice President — Strategic Development and Execution in 2009; Senior Vice President in 2008; Vice President and General Manager — Tonnage Gases, Equipment and Energy in 2007; and Vice President and General Manager — Energy and Process Industries in 2001)
John D. Stanley (A)	51	Senior Vice President and General Counsel (became Senior Vice President and General Counsel in 2009; Assistant General Counsel, Americas and Europe in 2007; Assistant General Counsel, Corporate and Commercial in 2004)

(A) Member, Corporate Executive Committee

(B) Member, Board of Directors

(C) Member, Executive Committee of the Board of Directors

ITEM 1A. RISK FACTORS

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—Weak general economic conditions in markets in which the Company does business may decrease the demand for its goods and services and adversely impact its revenues, operating results, and cash flow.

Demand for the Company's products and services depends in part on the general economic conditions affecting the countries and industries in which the Company does business. Currently, weak economic conditions in the U.S. and other countries and in industries served by the Company have impacted and may continue to impact demand for the Company's products and services, in turn negatively impacting the Company's revenues and earnings. Excess capacity in the Company's or its competitors' manufacturing facilities could decrease the Company's ability to generate profits. Unanticipated contract terminations or project delays by current customers can also negatively impact financial results. In addition, the length and severity of the economic downturn have increased the risk of potential bankruptcy of customers and potential losses from accounts receivable.

Asset Impairments—The Company may be required to record impairment on its long-lived assets.

Weak demand may cause underutilization of the Company's manufacturing capacity or elimination of product lines; contract terminations or customer shutdowns may force sale or abandonment of facilities and equipment; contractual provisions may allow customer buyout of facilities or equipment; or other events associated with weak economic conditions or specific product or customer events may require the Company to record an impairment on tangible assets, such as facilities and equipment, as well as intangible assets, such as intellectual property or goodwill, which would have a negative impact on its financial results.

Competition—Inability to compete effectively in a segment could adversely impact sales and financial performance.

The Company faces strong competition from several large, global competitors and many smaller regional ones in all of its business segments. Introduction by competitors of new technologies, competing products, or additional capacity could weaken demand for or impact pricing of the Company's products, negatively impacting financial results. In addition, competitors' pricing policies could materially affect the Company's profitability or its market share.

Raw Material and Energy Cost and Availability—Interruption in ordinary sources of supply or an inability to recover increases in energy and raw material costs from customers could result in lost sales or reduced profitability.

Energy, including electricity, natural gas, and diesel fuel for delivery trucks, is the largest cost component of the Company's business. Because the Company's industrial gas facilities use substantial amounts of electricity, energy price fluctuations could materially impact the Company's revenues and earnings. Hydrocarbons, including natural gas, are the primary feedstock for the production of hydrogen, carbon monoxide, and synthesis gas. The Electronics and Performance Materials segment uses a wide variety of raw materials, including alcohols, ethyleneamines, cyclohexamine, acrylonitriles, and glycols. Shortages or price escalation in these materials could negatively impact financial results. A disruption in the supply of energy and raw materials, whether due to market conditions, natural events, or other disruption, could prevent the Company from meeting its contractual commitments, harming its business and financial results.

The Company typically contracts to pass through cost increases in energy and raw materials to its customers, but cost variability can still have a negative impact on its results. The Company may not be able to raise prices as quickly as costs rise, or competitive pressures may prevent full recovery. Increases in energy or raw material costs that cannot be passed on to customers for competitive or other reasons would negatively impact the Company's revenues and earnings. Even where costs are passed through, price increases can cause lower sales volume.

Regulatory Compliance—The Company is subject to extensive government regulation in jurisdictions around the globe in which it does business. Changes in regulations addressing, among other things, environmental compliance, import/export restrictions, and taxes, can negatively impact the Company's operations and financial results.

The Company is subject to government regulation in the United States and foreign jurisdictions in which it conducts its business. The application of laws and regulations to the Company's business is sometimes unclear. Compliance with laws and regulations may involve significant costs or require changes in business practice that could result in reduced profitability. Determination of noncompliance can result in penalties or sanctions that could also impact financial results. Compliance with changes in laws or regulations can require additional capital expenditures or increase operating costs. Export controls or other regulatory restrictions could prevent the Company from shipping its products to and from some markets or increase the cost of doing so. Changes in tax laws and regulations and international tax treaties could affect the financial results of the Company's businesses.

Greenhouse Gases—Legislative and regulatory responses to global climate change create financial risk.

Some of the Company's operations are within jurisdictions that have, or are developing, regulatory regimes governing emissions of greenhouse gases (GHG). These include existing and expanding coverage under the European Union Emissions Trading Scheme; mandatory reporting and reductions at manufacturing facilities in Alberta, Canada; and mandatory reporting and anticipated constraints on GHG emissions in California and Ontario. In addition, increased public awareness and concern may result in more international, U.S. federal, and/or regional requirements to reduce or mitigate the effects of GHG. Although uncertain, these developments could increase the Company's costs related to consumption of electric power, hydrogen production, and fluorinated gases production. The Company believes it will be able to mitigate some of the potential increased cost through its contractual terms, but the lack of definitive legislation or regulatory requirements prevents accurate estimate of the long-term impact on the Company. Any legislation that limits or taxes GHG emissions could impact the Company's growth, increase its operating costs, or reduce demand for certain of its products.

Environmental Compliance—Costs and expenses resulting from compliance with environmental regulations may negatively impact the Company's operations and financial results.

The Company is subject to extensive federal, state, local, and foreign environmental and safety laws and regulations concerning, among other things, emissions in the air, discharges to land and water, and the generation, handling, treatment, and disposal of hazardous waste and other materials. The Company takes its environmental responsibilities very seriously, but there is a risk of environmental impact inherent in its manufacturing operations. Future developments and more stringent environmental regulations may require the Company to make additional unforeseen environmental expenditures. In addition, laws and regulations may require significant expenditures for environmental protection equipment, compliance, and remediation. These additional costs may adversely affect

financial results. For a more detailed description of these matters, see “Narrative Description of the Company’s Business Generally—Environmental Controls,” above.

Foreign Operations, Political, and Legal Risks—The Company’s foreign operations can be adversely impacted by nationalization or expropriation of property, undeveloped property rights, and legal systems or political instability.

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. Economic and political conditions within foreign jurisdictions, social unrest or strained relations between countries can cause fluctuations in demand, price volatility, supply disruptions, or loss of property. The occurrence of any of these risks could have a material, adverse impact on the Company’s operations and financial results.

Interest Rate Increases—The Company’s earnings, cash flow, and financial position can be impacted by interest rate increases.

At 30 September 2009, the Company had total consolidated debt of approximately $4,501.5 million, of which approximately $785.9 million will mature in the next twelve months. The Company expects to continue to incur indebtedness to fund new projects and replace maturing debt. Although the Company actively manages its interest rate risk through the use of derivatives and diversified debt obligations, not all borrowings at variable rates are hedged, and new debt will be priced at market rates. If interest rates increase, the Company’s interest expense could increase significantly, affecting earnings and reducing cash flow available for working capital, capital expenditures, acquisitions, and other purposes. In addition, changes by any rating agency to the Company’s outlook or credit ratings could increase the Company’s cost of borrowing.

Currency Fluctuations—Changes in foreign currencies may adversely affect the Company’s financial results.

A substantial amount of the Company’s sales are derived from outside the United States and denominated in foreign currencies. The Company also has significant production facilities which are located outside of the United States. Financial results therefore will be affected by changes in foreign currency rates. The Company uses certain financial instruments to mitigate these effects, but it is not cost-effective to hedge foreign currency exposure in a manner that would entirely eliminate the effects of changes in foreign exchange rates on earnings, cash flows, and fair values of assets and liabilities. Accordingly, reported sales, net earnings, cash flows, and fair values have been and in the future will be affected by changes in foreign exchange rates. For a more detailed discussion of currency exposure, see Item 7A, below.

Pension Liabilities—The Company’s results of operations and financial condition could be negatively impacted by its U.S. and non-U.S. pension plans.

Adverse equity market conditions and volatility in the credit markets have had and may continue to have an unfavorable impact on the value of the Company’s pension trust assets and its future estimated pension liabilities. As a result, the Company’s financial results in any period could be negatively impacted. In addition, in a period of an extended financial market downturn, the Company could be required to provide increased pension plan funding, which could negatively impact the Company’s financial flexibility. For information about potential impacts from pension funding and the use of certain assumptions regarding pension matters, see the discussion in Note 15 to the Consolidated Financial Statements included in Item 8, below.

Catastrophic Events—Catastrophic events could disrupt the Company’s operations or the operations of its suppliers or customers, having a negative impact on the Company’s business, financial results, and cash flow.

The Company’s operations could be impacted by catastrophic events outside the Company’s control, including severe weather conditions such as hurricanes, floods, earthquakes, and storms; health epidemics and pandemics; or 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, or its customers 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 results.

Operational Risks—Operational and execution risks may adversely affect the Company's operations or financial results.

The Company's operation of its facilities, pipelines, and delivery systems inherently entails hazards that require continuous oversight and control, such as pipeline leaks and ruptures, fire, explosions, toxic releases, mechanical failures, or vehicle accidents. 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 ongoing operations, financial results, and cash flow. In addition, the Company's operating results are dependent on the continued operation of its production facilities and its ability to meet customer requirements. Insufficient capacity may expose the Company to liabilities related to contract commitments. Operating results are also dependent on the Company's ability to complete new construction projects on time, on budget, and in accordance with performance requirements. Failure to do so may expose the Company to loss of revenue, potential litigation, and loss of business reputation.

Information Security—The security of the Company's Information Technology 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, redundancy procedures, and recovery processes. A significant system interruption, however, could materially affect the Company's operations, business reputation, and financial results.

Litigation and Regulatory Proceedings—The Company's financial results may be affected by various legal and regulatory proceedings, including those involving antitrust, environmental, or other matters.

The Company is subject to litigation and regulatory proceedings in the normal course of business and could become subject to additional claims in the future, some of which could be material. The outcome of existing legal proceedings may differ from the Company's expectations because the outcomes of litigation, including regulatory matters, are often difficult to reliably predict. Various factors or developments can lead the Company to change current estimates of liabilities and related insurance receivables where applicable, or make such estimates for matters previously not susceptible to reasonable estimates, such as a significant judicial ruling or judgment, a significant settlement, significant regulatory developments, or changes in applicable law. A future adverse ruling, settlement, or unfavorable development could result in charges that could have a material adverse effect on the Company's results of operations in any particular period. For a more detailed discussion of the legal proceedings involving the Company, see Item 3, below.

Recruiting and Retaining Employees—Inability to attract, retain, or develop skilled employees could adversely impact the Company's business.

Sustaining and growing the Company's business depends on the recruitment, development, and retention of qualified employees. Demographic trends and changes in the geographic concentration of global businesses have created more competition for talent. The inability to attract, develop, or retain quality employees could negatively impact the Company's ability to take on new projects and sustain its operations, which might adversely affect the Company's operations or its ability to grow.

Portfolio Management—The success of portfolio management activities is not predictable.

The Company continuously reviews and manages its portfolio of assets in order to maximize value for its shareholders. Portfolio management involves many variables, including future acquisitions and divestitures, restructurings and resegmentations, 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 are uncertain and can have a negative short- or long-term impact on the Company's operations and financial results.

ITEM 1B. UNRESOLVED STAFF COMMENTS

The Company has not received any written comments from the Commission staff that remain unresolved.

ITEM 2. PROPERTIES

The Company owns its principal executive offices, which are located at its headquarters in Trexlertown, Pennsylvania, and also owns additional administrative offices in Hersham, England and in Hattingen, Germany. Its regional Asian administrative offices, which are leased, are located in Hong Kong; Shanghai, China; Taipei, Taiwan; Petaling Jaya, Malaysia; and Singapore. Additional administrative offices are leased in Ontario, Canada; Kawasaki, Japan; Seoul, Korea; Brussels, Belgium; Paris, France; Barcelona, Spain; Rotterdam, the Netherlands; and São Paulo, Brazil. Management believes the Company's manufacturing facilities, described in more detail below, are adequate to support its businesses.

Following is a description of the properties used by the Company's four business segments:

Merchant Gases

Merchant Gases currently operates over 170 facilities across the United States and in Canada (approximately 38 of which sites are owned); over 110 sites in Europe, including healthcare (approximately half of which sites are owned); and over 75 facilities in seven countries within Asia and in Brazil. Helium is recovered at sites in Kansas and Texas and distributed from several transfill sites in the United States, Europe, and Asia. Sales support offices are located at its Trexlertown headquarters, and in leased properties in three states, at all administrative sites in Europe, and at 15 sites in Asia. Research and development (R&D) activities for this segment are conducted in Trexlertown, Pennsylvania.

Tonnage Gases

Tonnage Gases operates 50 plants in the United States and Canada that produce over 300 standard tons per day of product. Over 30 of these facilities produce or recover hydrogen, many of which support the four major pipeline systems located along the Gulf Coast of Texas; on the Mississippi River corridor in Louisiana; in Los Angeles, California; and Alberta, Canada. The Tonnage Gases segment includes a facility in Pasadena, Texas that produces Polyurethane Intermediate products. The segment also operates over 30 tonnage plants in Europe and 17 tonnage plants within Asia, the majority of which are on leasehold type long-term structured agreements. Sales support offices are located at the Company's headquarters in Trexlertown, Pennsylvania and leased offices in Texas, Louisiana, California, and Calgary, Alberta in North America, as well as in Hersham, England; Rotterdam, the Netherlands; Shanghai, China; Singapore; and Doha, Qatar in the Middle East.

Electronics and Performance Materials

The electronics business within the Electronics and Performance Materials segment produces, packages, and stores nitrogen, specialty gases, and electronic chemicals at over 45 sites in the United States (the majority of which are leased), nine facilities (including sales offices) in Europe, and over 45 facilities in Asia (approximately half of which are located on customer sites).

The performance materials portion of this segment operates facilities in Los Angeles, California; Calvert City, Kentucky; Wichita, Kansas; Milton, Wisconsin; Reserve, Louisiana; Clayton, England; Singapore; Isehara, Japan; and Changzhou, China. In April 2009, S.I.Q. — Beteiligungs GmbH, a German epoxy additives firm located in Marl, Germany, became an integral part of the Company's epoxy additives business. A specialty amines facility operates in Nanjing, China. Substantially all of the Performance Materials properties are owned.

This segment has six field sales offices in the United States as well as sales offices in Europe, Taiwan, Korea, Singapore, and China, the majority of which are leased. The segment conducts R&D related activities at five locations worldwide, including Hsinchu, Taiwan and Giheung, South Korea.

Equipment and Energy

Equipment and Energy operates seven manufacturing plants and two sales offices in the U.S. The Company manufactures a significant portion of the world's supply of LNG equipment at its Wilkes-Barre, Pennsylvania site. Air separation columns and cold boxes for Company-owned facilities and third-party sales are produced by operations in Acrefair in the United Kingdom; Istres, France; Caojing, China; as well as in the Wilkes-Barre facility when capacity is available. Cryogenic transportation containers for liquid helium are manufactured and reconstructed at facilities in eastern Pennsylvania and Liberal, Kansas. Offices in Hersham, England, and Shanghai, China house Equipment commercial team members.

Electric power is produced at various facilities, including Stockton, California; Calvert City, Kentucky; and Rotterdam, the Netherlands. Flue gas desulfurization operations are conducted at the Pure Air facility in Chesterton, Indiana.

Additionally, the Company owns a 47.9% interest in a gas-fueled power generation facility in Thailand. The Company or its affiliates own approximately 50% of the real estate in this segment and lease the remaining 50%.

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business, the Company and its subsidiaries are involved in various legal proceedings, including contract, product liability, intellectual property, and insurance matters. Although litigation with respect to these matters is routine and incidental to the conduct of the Company's business, such litigation could result in large monetary awards, especially if a civil jury is allowed to determine compensatory and/or punitive damages. However, the Company believes that litigation currently pending to which it is a party will be resolved without any material adverse effect on its financial position, earnings, or cash flows.

The Company is also from time to time involved in certain competition, environmental, health, and safety proceedings involving governmental authorities. The Company is a party to proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act (the federal Superfund law); the Resource Conservation and Recovery Act (RCRA); and similar state environmental laws relating to the designation of certain sites for investigation or remediation. Presently there are approximately 28 sites on which a final settlement has not been reached where the Company, along with others, has been designated a Potentially Responsible Party by the Environmental Protection Agency or is otherwise engaged in investigation or remediation, including cleanup activity at certain of its manufacturing sites. The Company does not expect that any sums it may have to pay in connection with these matters would have a materially adverse effect on its consolidated financial position. Additional information on the Company's environmental exposure is included under "Narrative Description of the Company's Business Generally—Environmental Controls."

On 13 March 2008, the Company was notified that the U.S. Environmental Protection Agency had made a referral to the U.S. Department of Justice concerning alleged violations of the Resource Conservation and Recovery Act (RCRA) related to sulfuric acid exchange at the Company's Pasadena, Texas facility. The Department of Justice has proposed a fine related to the alleged violations. The Company has contested the allegations and the basis for the fine, but is in settlement discussions with the Department of Justice and expects to settle the matter on terms that would not be material. Any sums it may have to pay in connection with this matter would not have a materially adverse effect on its consolidated financial position or net cash flows.

During the third quarter of 2008, a unit of the Brazilian Ministry of Justice issued a report (previously issued in January 2007 and then withdrawn) on its investigation of the Company's Brazilian subsidiary, Air Products Brasil Ltda., and several other Brazilian industrial gas companies. The report recommended that the Brazilian Administrative Council for Economic Defense impose sanctions on Air Products Brasil Ltda. and the other industrial gas companies for alleged anticompetitive activities. The Company is actively defending 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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's common stock (ticker symbol APD) is listed on the New York Stock Exchange. Quarterly stock prices, as reported on the New York Stock Exchange composite tape of transactions, and dividend information for the last two fiscal years appear below. Cash dividends on the Company's common stock are paid quarterly. The

Table of Contents

Company's objective is to pay dividends consistent with the reinvestment of earnings necessary for long-term growth. It is the Company's expectation that comparable cash dividends will continue to be paid in the future.

Quarterly Stock Information

2009	High	Low	Close	Dividend
First	$ 68.51	$ 41.46	$ 50.27	$ .44
Second	60.20	43.44	56.25	.45
Third	69.93	54.73	64.59	.45
Fourth	80.60	60.52	77.58	.45
				$ 1.79

2008	High	Low	Close	Dividend
First	$ 105.02	$ 92.05	$ 98.63	$ .38
Second	98.80	80.73	92.00	.44
Third	106.06	92.20	98.86	.44
Fourth	100.14	65.05	68.49	.44
				$ 1.70

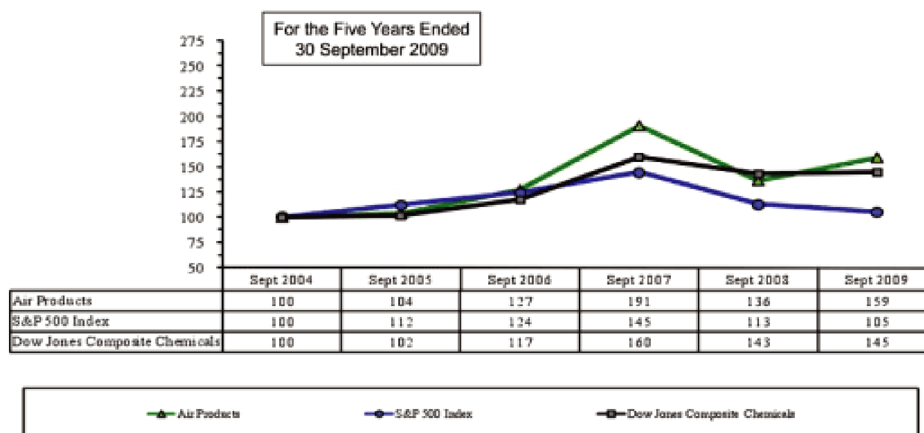
The Company has authority to issue 25,000,000 shares of preferred stock in series. The Board of Directors is authorized to designate the series and to fix the relative voting, dividend, conversion, liquidation, redemption, and other rights, preferences, and limitations. When preferred stock is issued, holders of Common Stock are subject to the dividend and liquidation preferences and other prior rights of the preferred stock. There currently is no preferred stock outstanding. The Company's Transfer Agent and Registrar is American Stock Transfer & Trust Company, 59 Maiden Lane, Plaza Level, New York, New York 10038, telephone (800) 937-5449 (U.S. and Canada) or (718) 921-8124 (all other locations), Internet website www.amstock.com, and e-mail address info@amstock.com. As of 31 October 2009, there were 8,614 record holders of the Company's common stock.

Purchases of Equity Securities by the Issuer

On 20 September 2007, the Company's Board of Directors authorized the repurchase of $1.0 billion of common stock. The program does not have a stated expiration date. As of 30 September 2009, the Company had purchased four million of its outstanding shares under this authorization at a cost of $350.8 million. There were no purchases of stock during fiscal year 2009. Additional purchases will be completed at the Company's discretion while maintaining sufficient funds for investing in its businesses and growth opportunities.

Performance Graph

The performance graph below compares the five-year cumulative returns of the Company's common stock with those of the Standard & Poor's 500 and Dow Jones Chemicals Composite Indices. The figures assume an initial investment of $100 and the reinvestment of all dividends.



	Sept 2004	Sept 2005	Sept 2006	Sept 2007	Sept 2008	Sept 2009
Air Products	100	104	127	191	136	159
S&P 500 Index	100	112	124	145	113	105
Dow Jones Composite Chemicals	100	102	117	160	143	145

Table of Contents

ITEM 6. SELECTED FINANCIAL DATA

(Millions of dollars, except per share)	**2009**	2008	2007	2006	2005
Operating Results					
Sales	**$ 8,256**	$ 10,415	$ 9,148	$ 7,885	$ 6,822
Cost of sales	**6,042**	7,693	6,699	5,817	4,974
Selling and administrative	**943**	1,090	1,000	892	841
Research and development	**116**	131	129	140	121
Global cost reduction plan	**298**	—	14	71	—
Customer contract settlement	**—**	—	(37)	—	—
Customer bankruptcy	**22**	—	—	—	—
Pension settlement	**11**	30	10	—	—
Operating income	**846**	1,496	1,376	1,042	922
Equity affiliates' income	**112**	145	114	92	91
Interest expense	**122**	162	162	118	109
Income tax provision	**185**	365	287	262	231
Income from continuing operations	**640**	1,091	1,020	734	659
Net income	**631**	910	1,036	723	712
Basic earnings per common share					
Income from continuing operations	**3.05**	5.14	4.72	3.31	2.92
Net income	**3.01**	4.29	4.79	3.26	3.15
Diluted earnings per common share					
Income from continuing operations	**3.00**	4.97	4.57	3.23	2.85
Net income	**2.96**	4.15	4.64	3.18	3.08
Year-End Financial Position					
Plant and equipment, at cost	**$ 15,751**	$ 14,989	$ 14,439	$ 12,910	$ 11,915
Total assets	**13,029**	12,571	12,660	11,181	10,409
Working capital	**494**	636	436	289	471
Total debt (A)	**4,502**	3,967	3,668	2,846	2,490
Shareholders' equity	**4,792**	5,031	5,496	4,924	4,546
Financial Ratios					
Return on average shareholders' equity (B)	**13.3%**	20.1%	19.5%	15.1%	14.2%
Operating margin	**10.3%**	14.4%	15.0%	13.2%	13.5%
Selling and administrative as a percentage of sales	**11.4%**	10.5%	10.9%	11.3%	12.3%
Total debt to sum of total debt, shareholders' equity and minority interest (A)	**47.7%**	43.4%	39.8%	36.3%	34.8%
Other Data					
Depreciation and amortization	**$ 840**	$ 869	$ 790	$ 705	$ 656
Capital expenditures on a GAAP basis (C)	**1,236**	1,159	1,553	1,358	928
Capital expenditures on a non-GAAP basis (C)	**1,475**	1,355	1,635	1,487	984
Cash provided by operating activities	**1,323**	1,680	1,500	1,348	1,304
Dividends declared per common share	**1.79**	1.70	1.48	1.34	1.25
Market price range per common share	**81—41**	106—65	99—66	70—53	66—52
Weighted average common shares outstanding (in millions)	**210**	212	216	222	226
Weighted average common shares outstanding assuming dilution (in millions)	**214**	219	223	228	231
Book value per common share at year-end	**$ 22.68**	$ 24.03	$ 25.52	$ 22.67	$ 20.49
Shareholders at year-end	**8,600**	8,900	9,300	9,900	10,300
Employees at year-end (D)	**18,900**	21,100	22,100	20,700	20,200

(A) Total debt includes long-term debt, current portion of long-term debt, and short-term borrowings as of the end of the year. Calculation based on continuing operations.

(B) Calculated using income and five-quarter average equity from continuing operations.

(C) Capital expenditures on a GAAP basis include additions to plant and equipment, investment in and advances to unconsolidated affiliates, and acquisitions (including long-term debt assumed in acquisitions). The Company utilizes a non-GAAP measure in the computation of capital expenditures and includes spending associated with facilities accounted for as capital leases. Certain contracts associated with facilities that are built to provide product to a specific customer are required to be accounted for as leases, and such spending is reflected as a use of cash within cash provided by operating activities. The presentation of this non-GAAP measure is intended to enhance the usefulness of information by providing a measure which the Company's management uses internally to evaluate and manage its capital expenditures. Refer to page 31 for a reconciliation of the GAAP to non-GAAP measure for 2009, 2008, and 2007. For 2006 and 2005, the GAAP measure was adjusted by $129 and $56, respectively, for spending associated with facilities accounted for as capital leases.

(D) Includes full- and part-time employees from continuing and discontinued operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Overview	17
2009 In Summary	17
2010 Outlook	19
Results of Operations	19
Pension Benefits	28
Environmental Matters	29
Liquidity and Capital Resources	30
Contractual Obligations	33
Off-Balance Sheet Arrangements	34
Related Party Transactions	34

The following discussion should be read in conjunction with the consolidated financial statements and the accompanying notes contained in this report. 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, except as noted. All amounts are presented in millions of dollars, except for share data, unless otherwise indicated.

BUSINESS OVERVIEW

Air Products and Chemicals, Inc. and its subsidiaries (the Company) serve customers in industrial, energy, technology, and healthcare markets. The Company offers a broad portfolio of atmospheric gases, process and specialty gases, performance materials, and equipment and services. Geographically diverse, with operations in over 40 countries, the Company has sales of $8.3 billion, assets of $13.0 billion, and a worldwide workforce of approximately 18,900 employees.

The Company organizes its operations into four reportable business segments: Merchant Gases, Tonnage Gases, Electronics and Performance Materials, and Equipment and Energy.

2009 IN SUMMARY

The beginning of fiscal 2009 coincided with the start of the global financial crisis, driving the recession that led to unprecedented declines in demand for the Company's products worldwide. The downturn in the economy affected customers' operating rates across most of our end markets. Globally, manufacturing declined 11%, and in Electronics, silicon processed decreased by about 35%. In response to these rapidly declining economic conditions around the world and to drive to a sustainable, low-cost structure, the Company implemented a global cost reduction plan. Impacted by these factors, the Company's sales and operating income declined 21% and 43%, respectively. Additionally, unfavorable currency impacts, due to a stronger U.S. dollar contributed to the decline.

The 2009 global cost reduction plan included the elimination of about 12% of the global workforce along with business exits and asset management actions. These initiatives lowered the Company's cost structure, especially in the second half of the year. The planned actions are expected to be completed in fiscal 2010. Also, the Company implemented price increases and executed its initiatives for cost improvement by lowering discretionary spending. Sales were sequentially higher in the fourth quarter, and there was a greater than 200 basis point increase in the Company's operating margin in the second half of the year compared to the first half. Overall, fiscal 2009 was a challenging year due to the impact of the global recession, but the actions taken by the Company helped to mitigate the adverse impact.

Highlights for 2009

- The Company implemented a global cost reduction plan designed to lower its cost structure and better align its businesses with the contracting global economy. Results from continuing operations included a total charge of $298.2 ($200.3 after-tax, or $.94 per share) for this plan.
- The Company completed the divestiture of the U.S. Healthcare business.
- The Company maintained a solid financial position throughout 2009. The current credit environment did not have a significant adverse impact on the Company's liquidity.
- Sales of $8,256.2 declined 21%. Underlying business declined 8% from lower volumes. Lower energy and raw material cost pass-through to customers and unfavorable currency negatively impacted sales by 7% and 6%, respectively.
- Operating income of $846.3 declined $649.5, principally from lower volumes, the global cost reduction plan charge, and unfavorable currency impacts.
- Income from continuing operations was $639.9 as compared to $1,090.5. Diluted earnings per share from continuing operations was $3.00 as compared to $4.97. A summary table of changes in diluted earnings per share is presented below.
- Loss from discontinued operations was $8.6 as compared to $180.8. The prior year included an after-tax impairment charge of $246.2 related to the U.S. Healthcare business and an after-tax gain of $76.2 from the sale of the Polymer Emulsions business.

For a discussion of the challenges, risks, and opportunities on which management is focused, refer to the Company's 2010 Outlook discussions provided throughout the Management's Discussion and Analysis that follows.

Changes in Diluted Earnings per Share

	2009	2008	Increase (Decrease)
Diluted Earnings per Share			
Net income	**$ 2.96**	$ 4.15	$ (1.19)
Discontinued operations	**(.04)**	(.82)	.78
Continuing operations	**$ 3.00**	$ 4.97	$ (1.97)
Operating Income (after-tax)			
Underlying business			
Volume			$ (1.66)
Price/raw materials			.27
Costs			.53
Currency			(.39)
2009 global cost reduction plan			(.94)
2009 customer bankruptcy and asset actions			(.10)
Pension settlement			.06
Plant fire and hurricanes			.10
Operating Income			(2.13)
Other (after-tax)			
Equity affiliates' income			(.11)
Interest expense			.14
Income tax rate			(.01)
Minority interest			.04
Average shares outstanding			.10
Other			.16
Total Change in Diluted Earnings per Share from Continuing Operations			$ (1.97)

2010 OUTLOOK

The Company projects a continued gradual and modest recovery in the economic environment as spending growth in the private sector is expected to remain weak. The Company anticipates global manufacturing growth of 1%—2% in 2010. In the U.S., growth is expected to be flat to slightly positive by 1%. Europe is expected to be flat. Asia, led by China, is expected to be the strongest region, growing at a projected 6%—7%.

Looking forward, the Company will continue to focus on improving its operating margin and return on capital through volume growth, effective cost management, and implementation of price increases. Capacity utilization rates in 2010 should improve as the economy recovers and through expansion of technology applications. Earnings should benefit from new plant startups in 2009 and 2010 along with a full-year impact of the 2009 global cost reduction plan. The Company will also remain diligent on discretionary spending, new programs, and staffing. However, pension expense will be higher next year as a result of a decline in the discount rates used to determine the 2010 expense.

Outlook by Segment

- The Company is projecting Merchant Gases results to be higher based on a modest recovery in global manufacturing. Margins should improve based on higher volumes and cost reduction efforts. In 2009, the segment took steps to restructure the organization and to reduce costs in order to drive productivity and growth.
- Tonnage Gases is expected to benefit from new contracts and plants coming on-stream, and increased capacity utilization as chemical and steel markets continue to recover.
- In Electronics, the Company projects silicon growth of 10%—15%, higher demand from flat panel producers, and accelerated growth in thin film photovoltaic. The business repositioning efforts should result in additional ongoing restructuring costs, while price pressure for certain electronics materials is expected to remain until capacity utilization improves. Growth is anticipated in Performance Materials as the Company should continue to benefit from new market and application successes, regional investment, and new product introductions.
- Equipment and Energy results are expected to be comparable to 2009 levels. Two to three LNG orders are expected to be signed in fiscal 2010.

RESULTS OF OPERATIONS

Discussion of Consolidated Results

	2009	2008	2007
Sales	**$8,256.2**	$10,414.5	$9,148.2
Operating income	**846.3**	1,495.8	1,375.6
Equity affiliates' income	**112.2**	145.0	114.4

Sales

	% Change from Prior Year	
	2009	2008
Underlying business		
Volume	**(9)%**	2%
Price	**1%**	2%
Acquisitions/divestitures	**—**	1%
Currency	**(6)%**	4%
Energy and raw material cost pass-through	**(7)%**	5%
Total Consolidated Sales Change	**(21)%**	14%

2009 vs. 2008

Sales of $8,256.2 decreased 21%, or $2,158.3. Underlying business declined 8%, due to lower volumes primarily in Electronics and Performance Materials, Merchant Gases, and Tonnage Gases. Volumes were impacted by the severity of the worldwide manufacturing downturn and a significant decline in silicon processed. Currency unfavorably impacted sales by 6%, due primarily to the strengthening of the U.S. dollar against key European and Asian currencies. Lower energy and raw material contractual cost pass-through to customers reduced sales by 7%.

2008 vs. 2007

Sales of $10,414.5 increased 14%, or $1,266.3. Underlying base business growth accounted for 4% of the increase. Sales increased 2% as higher volumes in Electronics and Performance Materials, Merchant Gases, and Tonnage Gases were partially offset by lower Equipment and Energy activity. Improved pricing, principally in Merchant Gases, increased sales by 2%. Sales improved 4% from favorable currency effects, primarily the weakening of the U.S. dollar against the Euro. Higher energy and raw material contractual cost pass-through to customers increased sales by 5%.

Operating Income

2009 vs. 2008

Operating income of $846.3 decreased 43%, or $649.5.

- The global cost reduction plan charge reduced operating income by $298.
- Underlying business declined $254, due primarily to lower volumes in the Merchant Gases, Electronics and Performance Materials, and Tonnage Gases segments. The volume declines of $490 were partially offset by favorable cost performance of $157 and improved pricing of $79.
- Unfavorable currency impacts lowered operating income by $113, reflecting the strengthening of the U.S. dollar against key European and Asian currencies.
- The write-off of certain receivables due to a customer bankruptcy and asset actions reduced operating income by $32.
- Lower pension settlement charges favorably impacted operating income by $20.
- Prior year operating income included unfavorable impacts of $28 due to hurricanes and a fire at a production facility.

2008 vs. 2007

Operating income of $1,495.8 increased 9%, or $120.2.

- Higher volumes in the Merchant Gases, Tonnage Gases, and Electronics and Performance Materials segments, partially offset by a decrease in Equipment and Energy activity, increased operating income by $82.
- Improved pricing, net of variable costs, increased operating income by $21, as pricing increases in Merchant Gases were partially offset by lower pricing in electronics specialty materials.
- Favorable currency effects, primarily the weakening of the U.S. dollar against the Euro, increased operating income by $80.
- 2007 included a gain of $37 from a settlement of a supply contract termination.
- Higher pension settlement charges negatively impacted operating income by $20.
- Unfavorable impacts caused by Hurricanes Gustav and Ike, and the fire at an Electronics production facility in Korea, decreased operating income by $28.

Equity Affiliates' Income

2009 vs. 2008

Income from equity affiliates of $112.2 decreased $32.8, or 23%, primarily as a result of lower overall volumes and unfavorable currency. Additionally, prior year results included favorable adjustments made to certain affiliates in Asia and the reversal of an antitrust fine.

2008 vs. 2007

Income from equity affiliates of $145.0 increased $30.6, or 27%. This increase resulted from solid underlying growth, increased nitrogen injection volumes in Mexico, the benefit of adjustments to certain affiliates, and the reversal of an antitrust fine.

Selling and Administrative Expense (S&A)

2009 vs. 2008

S&A expense of $943.4 decreased $147.0, or 13%. Underlying costs decreased 8%, primarily due to improved productivity as well as the impact of the global cost reduction plan, lower incentive compensation costs, and lower discretionary spending. This decrease was partially offset by inflation and higher bad debt expense. Favorable currency impacts, primarily the strengthening of the dollar against the Euro and Pound Sterling, decreased S&A by 6%. The acquisition of CryoService Limited in the third quarter of 2008 increased S&A by 1%. S&A as a percent of sales, increased to 11.4% from 10.5%, due principally to the impact of lower energy and raw material cost pass-through on sales.

2008 vs. 2007

S&A expense of $1,090.4 increased 9%, or $90.6. S&A increased 2% from the acquisition of the Polish industrial gas business of BOC Gazy Sp z o.o. (BOC Gazy) in the third quarter of 2007. Currency effects, driven by the weakening of the U.S. dollar against the Euro, increased S&A by 4%. Underlying costs increased S&A by 3%, as productivity gains were more than offset by inflation and higher costs to support growth. S&A as a percent of sales declined to 10.5% from 10.9%.

2010 Outlook

S&A expense for 2010 will reflect higher pension expense and modest cost inflation. These increases should be offset by cost savings arising from the benefits of the global cost reduction plan initiated in 2009 and ongoing productivity initiatives.

Research and Development (R&D)

2009 vs. 2008

R&D expense of $116.3 decreased $14.4, primarily due to the impact of cost reduction actions. R&D increased as a percent of sales to 1.4% from 1.3%.

2008 vs. 2007

R&D expense of $130.7 increased $1.7. R&D decreased as a percent of sales to 1.3% from 1.4%.

2010 Outlook

R&D expense is expected to be moderately higher in 2010.

Global Cost Reduction Plan

2009

The 2009 results from continuing operations included a total charge of $298.2 ($200.3 after-tax, or $.94 per share) for the global cost reduction plan. In the first quarter of 2009, the Company announced the global cost reduction plan, designed to lower its cost structure and better align its businesses to reflect rapidly declining economic conditions around the world. In the third quarter of 2009, due to the continuing slow economic recovery, the Company committed to additional actions associated with its global cost reduction plan. The 2009 charge included $210.0 for severance and other benefits, including pension-related costs, associated with the elimination of approximately 2,550 positions from the Company’s global workforce. The remainder of this charge, $88.2, was for business exits and asset management actions.

Cost savings of approximately $50 were realized in 2009, and cost savings of approximately $155 are expected for 2010. Beyond 2010, the Company expects annualized savings of approximately $180, of which the majority is related to personnel costs.

2007

The 2007 results from continuing operations included a charge of $13.7 ($8.8 after-tax, or $.04 per share) for a global cost reduction plan. The charge included $6.5 for severance and pension-related costs for the elimination of approximately 125 positions and $7.2 for the write-down of certain investments. As of 30 September 2008, the actions associated with the 2007 charge were complete.

Refer to Note 3 to the Consolidated Financial Statements for additional information on these charges.

2007 Customer Contract Settlement

In 2007, the Company entered into a settlement with a customer to resolve a dispute related to a dinitrotoluene (DNT) supply agreement. As part of the settlement agreement, the DNT supply agreement was terminated, and certain other agreements between the companies were amended. As a result, the Company recognized a before-tax gain of $36.8 ($23.6 after-tax, or $.11 per share).

2009 Customer Bankruptcy and Asset Actions

In 2009, the Company recognized charges totaling $32.1 ($21.0 after-tax, or $.10 per share) related to a customer bankruptcy and asset actions for the closure of certain manufacturing facilities. Refer to Note 21 to the Consolidated Financial Statements for additional information.

Pension Settlement

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. A settlement loss is recognized when the pension obligation is settled. Based on the timing of when cash payments were made, the Company recognized $10.7, $30.3, and $10.3 of settlement charges in 2009, 2008, and 2007, respectively. Refer to Note 15 to the Consolidated Financial Statements for additional information.

Other Income, Net

Items recorded to other income arise from transactions and events not directly related to the principal income earning activities of the Company. The detail of other income is presented in Note 21 to the Consolidated Financial Statements.

2009 vs. 2008

Other income of $23.0 decreased by $2.8. Other income declined due to losses from asset sales in the current year and unfavorable foreign exchange. Other income in 2008 included a loss related to fire damage at a production facility. No other items were individually significant in comparison to the prior year.

2008 vs. 2007

Other income of $25.8 decreased by $16.5. Other income in 2008 included a loss of $14.7 related to fire damage at an Electronics production facility in Korea, partially offset by favorable foreign exchange of $8.1. Other income in 2007 included a gain of $23.7 on the sale of assets. No other items were individually significant in comparison to the prior year.

Interest Expense

	2009	2008	2007
Interest incurred	**$ 143.8**	$ 184.1	$ 175.3
Less: Capitalized interest	**21.9**	22.1	12.9
Interest Expense	**$ 121.9**	$ 162.0	$ 162.4

2009 vs. 2008

Interest incurred decreased by $40.3. This decrease was primarily driven by lower average interest rates on variable rate debt. The impact of a stronger dollar on the translation of foreign currency interest was offset by a higher average debt balance. Capitalized interest was comparable to the prior year due to slightly higher project levels offset by lower average interest rates.

2008 vs. 2007

Interest incurred increased by $8.8. 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 $9.2, primarily due to increased project levels in the Tonnage Gases segment.

2010 Outlook

The Company expects interest incurred to be modestly higher. This increase is expected to result from a higher average debt balance and higher expected average interest rates.

Effective Tax Rate

The effective tax rate equals the income tax provision divided by income from continuing operations before taxes, less minority interest. Refer to Note 20 to the Consolidated Financial Statements for details on factors affecting the effective tax rate.

2009 vs. 2008

The effective tax rate was 22.5% and 25.1% in 2009 and 2008, respectively. The effective tax rate declined, as tax credits had a higher relative impact due to lower book taxable income.

2008 vs. 2007

The effective tax rate was 25.1% and 22.0% in 2008 and 2007, respectively. A tax benefit associated with foreign operations and other higher credits and adjustments from the Company's ongoing tax planning process were included in the 2008 effective rate. The 2007 tax rate included the settlement of tax audits and related interest income, combined with the donation of a portion of a cost-based investment. The net impact was a 3.1% higher tax rate in 2008.

2010 Outlook

The Company expects the effective tax rate in 2010 to be approximately 25.5% to 26.0%.

Discontinued Operations

The U.S. Healthcare business, Polymer Emulsions business, and High Purity Process Chemicals (HPPC) business have been accounted for as discontinued operations. The results of operations of these businesses have been removed from the results of continuing operations for all periods presented. Refer to Note 4 to the Consolidated Financial Statements for additional details.

U.S. Healthcare

In July 2008, the Board of Directors authorized management to pursue the sale of the U.S. Healthcare business. In 2008, the Company recorded a total charge of $329.2 ($246.2 after-tax, or $1.12 per share) related to the impairment/write-down of the net carrying value of the U.S. Healthcare business.

In the first half of 2009, based on additional facts, the Company recorded an impairment charge of $48.7 ($30.9 after-tax, or $.15 per share), reflecting a revision in the estimated net realizable value of the business. Also, tax benefits of $25.5, or $.12 per share, were recorded to revise the estimated tax benefit associated with the total impairment charges recorded.

During the third quarter of 2009, the Company sold more than half of its remaining U.S. Healthcare business to OptionCare Enterprises, Inc., a subsidiary of Walgreen Co., and Landauer-Metropolitan, Inc. (LMI) for combined cash proceeds of $38.1. The Company recognized an after-tax gain of $.3 resulting from these sales combined with adjustments to the net realizable value of the remaining businesses.

During the fourth quarter of 2009, through a series of transactions with Rotech Healthcare, Inc. and with LMI, the Company sold its remaining U.S. Healthcare business for cash proceeds of $12.1. A net after-tax loss of $.7 was recognized. These transactions completed the disposal of the U.S. Healthcare business.

The U.S. Healthcare business generated sales of $125.2, $239.8, and $271.1, and a loss from operations, net of tax, of $3.4, $259.4, and $15.2 in 2009, 2008, and 2007, respectively. The loss from operations in 2008 included an after-tax impairment charge of $237.0.

Polymer Emulsions Business

On 31 January 2008, the Company closed on the sale of its interest in its vinyl acetate ethylene (VAE) polymers joint ventures to Wacker Chemie AG, its long-time joint venture partner. As part of that agreement, the Company received Wacker Chemie AG's interest in the Elkton, Md. and Piedmont, S.C. production facilities. The Company recognized a gain on the sale of $89.5 ($57.7 after-tax, or $.26 per share).

On 30 June 2008, the Company sold its Elkton, Md. and Piedmont, S.C. production facilities and the related North American atmospheric emulsions and global pressure sensitive adhesives businesses to Ashland, Inc. The Company recorded a gain of $30.5 ($18.5 after-tax, or $.08 per share) in connection with the sale, which included the recording of a retained environmental obligation associated with the Piedmont site. The sale of the Elkton and Piedmont facilities completed the disposal of the Company's Polymer Emulsions business.

Table of Contents

The Polymer Emulsion business generated sales of $261.4 and $618.6, and income from operations, net of tax, of $11.3 and $38.3 in 2008 and 2007, respectively.

HPPC Business

In 2008, the Company sold its HPPC business to KMG Chemicals, Inc. The Company wrote down the assets of the 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). The sale closed on 31 December 2007, and an additional loss on the sale was recorded of $.5 ($.3 after-tax) in 2008.

The HPPC business generated sales of $22.9 and $87.2 and income from operations, net of tax, of $.1 and $2.2 in 2008 and 2007, respectively.

Net Income

2009 vs. 2008

Net income was $631.3, compared to $909.7 in 2008. Diluted earnings per share was $2.96 compared to $4.15 in 2008. A summary table of changes in diluted earnings per share is presented on page 18.

2008 vs. 2007

Net income was $909.7, compared to $1,035.6 in 2007. Diluted earnings per share was $4.15, compared to $4.64 in 2007.

Segment Analysis

Merchant Gases

	2009	2008	2007
Sales	**$3,610.6**	$4,192.7	$3,556.9
Operating income	**661.2**	789.5	656.4
Equity affiliates' income	**98.3**	131.8	97.8

Merchant Gases Sales

	% Change from Prior Year	
	2009	2008
Underlying business		
Volume	**(9)%**	4%
Price	**4%**	4%
Acquisitions/divestitures	**—**	3%
Currency	**(9)%**	7%
Total Merchant Gases Sales Change	**(14)%**	18%

2009 vs. 2008

Merchant Gases Sales

Sales of $3,610.6 decreased by 14%, or $582.1. Sales decreased 9% from unfavorable currency effects, driven primarily by the strengthening of the U.S. dollar against key European and Asian currencies. Underlying sales declined 5%, with volumes down 9% and pricing up 4%. Volumes were weak across manufacturing end markets globally. Price increases implemented early in the year were effective, partially offsetting the decline in volume.

The global recession significantly impacted manufacturing-related demand for Merchant industrial gases in every region. In North America, sales decreased 10%, with volumes down 14%. Higher pricing of 4% partially offset the decline in volumes. In Europe, sales decreased 17%, primarily due to unfavorable currency impacts of 13%. Underlying sales declined 4%, with volumes down 8% and pricing adding 4%. Stronger healthcare volumes partially offset the total volume decline. In Asia, sales declined 13%. Underlying sales were lower by 6%, with volumes declining 8% and pricing adding 2%. Currency unfavorably impacted sales by 7%.

Merchant Gases Operating Income

Operating income of $661.2 decreased 16%, or $128.3. The decline was due to reduced volumes of $234 and unfavorable currency impacts of $74. These declines were partially offset by improved pricing, net of variable costs, of $102 and improved cost performance of $78, primarily due to cost reduction efforts.

Merchant Gases Equity Affiliates' Income

Merchant Gases equity affiliates' income of $98.3 decreased 25%, or $33.5. The decline was a result of lower overall volumes and unfavorable currency. Additionally, prior year results included favorable adjustments made to certain affiliates in Asia and the reversal of an antitrust fine.

2008 vs. 2007

Merchant Gases Sales

Sales of $4,192.7 increased 18%, or $635.8. Higher volumes across all regions increased sales by 4%. Volumes increased in North America due to record new signings in 2008 and continued strong demand for liquid oxygen (LOX) and liquid nitrogen (LIN). Volume gains in Europe were primarily due to a higher number of Healthcare patients served. In Asia, volumes were higher in generated gases, liquid argon, and liquid helium.

Higher prices increased sales by 4% as a result of actions taken to recover higher power, distribution, and other manufacturing costs in North America and Europe.

Sales increased by 3% from the full-year impact of the acquisition of BOC Gazy in 2007. In addition, sales increased 7% due to favorable currency impacts, primarily the weakening of the U.S. dollar against the Euro.

Merchant Gases Operating Income

Operating income of $789.5 increased by 20%, or $133.1. Favorable operating income variances resulted from improved pricing of $75, higher volumes of $60, and currency effects of $51. Operating income declined by $49 from higher distribution costs and inflation.

Merchant Gases Equity Affiliates' Income

Equity affiliates' income of $131.8 increased 35%, or $34.0, reflecting higher income in all regions. The increases were due to solid underlying growth, increased nitrogen injection volumes in Mexico, and the benefit of adjustments to certain affiliates in Asia and the reversal of an antitrust fine.

Tonnage Gases

	2009	2008	2007
Sales	**$2,573.6**	$3,574.4	$2,936.7
Operating income	**399.6**	482.6	426.4

Tonnage Gases Sales

	% Change from Prior Year	
	2009	2008
Underlying business		
Volume	**(5)%**	2%
Acquisitions/divestitures	**—**	1%
Currency	**(4)%**	3%
Energy and raw material cost pass-through	**(19)%**	16%
Total Tonnage Gases Sales Change	**(28)%**	22%

2009 vs. 2008

Tonnage Gases Sales

Sales of $2,573.6 decreased 28%, or $1,000.8. Lower energy and raw material contractual cost pass-through to customers reduced sales by 19%. Volumes were down 5%. While refinery hydrogen volumes were higher, overall volumes declined from reduced demand from steel and chemical customers. Currency unfavorably impacted sales by 4%.

Tonnage Gases Operating Income

Operating income of $399.6 decreased 17%, or $83.0. Underlying business declined $70, primarily from decreased volumes and lower operating efficiencies. Currency unfavorably impacted operating income by $24. Prior year included unfavorable hurricane related impacts of $11.

2008 vs. 2007

Tonnage Gases Sales

Sales of $3,574.4 increased 22%, or $637.7. Higher energy and raw material cost pass-through accounted for 16% of sales growth in 2008. Volume growth in the underlying business increased sales by 4%, primarily due to new plant start-ups in Asia and Canada, offset by a decline of 2% due to the impacts from hurricane-related business interruption. The acquisition of BOC Gazy in the third quarter of 2007 improved sales by 1%. Sales increased 3% from favorable currency effects, primarily the weakening of the U.S. dollar against the Euro.

Tonnage Gases Operating Income

Operating income of $482.6 increased 13%, or $56.2. Operating income increased by $20 from higher volumes, $9 from favorable currency effects, and $30 from lower operating costs. Operating income decreased by $11 as a result of hurricane-related impacts.

Electronics and Performance Materials

	2009	2008	2007
Sales	**$1,582.2**	$2,209.3	$2,068.7
Operating income	**101.6**	245.9	229.2

Electronics and Performance Materials Sales

	% Change from Prior Year	
	2009	2008
Underlying business		
Volume	**(25)%**	5%
Price	**(2)%**	—
Acquisition/divestiture	**1%**	—
Currency	**(2)%**	2%
Total Electronics and Performance Materials Sales Change	**(28)%**	7%

2009 vs. 2008

Electronics and Performance Materials Sales

Sales of $1,582.2 declined 28%, or $627.1, as volumes declined 25%. Sales volumes declined significantly in the first half of 2009 and recovered sequentially in the second half. In Electronics, sales were down 35%, reflecting a significant global downturn in semiconductor and flat panel capacity utilization and capital investment. In Performance Materials, sales were down 19% due to weaker demand across all end markets, partially offset by improved pricing.

Electronics and Performance Materials Operating Income

Operating income of $101.6 declined by 59%, or $144.3. Operating income declined from lower volumes of $202 as well as unfavorable pricing of $37. Lower pricing in Electronics was partially offset by higher pricing in Performance Materials. Favorable cost performance added $82, primarily due to cost reduction efforts. Results in 2008 included $15 of unfavorable impacts associated with a fire at a production facility.

2008 vs. 2007

Electronics and Performance Materials Sales

Sales of $2,209.3 increased 7%, or $140.6. Underlying base business growth increased sales by 5%. In Electronics, higher volumes in specialty materials and tonnage gases were partially offset by lower equipment sales and softer volumes due to product rationalization. Higher volumes across Asia and in some key market segments in North America increased sales in Performance Materials. Pricing was flat, as improvements in Performance Materials were offset by lower pricing in electronic specialty materials. Favorable currency effects, primarily 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 $245.9 increased 7%, or $16.7. Operating income increased $48 from higher volumes, $19 from lower operating costs, and $18 from favorable currency effects, partially offset by property damage of $15 caused by a fire at an Electronics production facility in Korea. Operating income also declined by $51 from lower electronic specialty materials pricing, net of variable costs.

Equipment and Energy

	2009	2008	2007
Sales	**$ 489.8**	$ 438.1	$ 585.9
Operating income	**42.2**	38.9	76.8

2009 vs. 2008

Sales of $489.8 increased by 12%, or $51.7, due to higher air separation unit (ASU) activity. Operating income improved $3.3 from favorable cost performance and higher ASU sales, partially offset by lower liquefied natural gas (LNG) heat exchanger activity and unfavorable currency.

The sales backlog for the Equipment business at 30 September 2009 was $239, compared to $399 at 30 September 2008. It is expected that approximately $203 of the backlog will be completed during 2010.

2008 vs. 2007

Sales of $438.1 decreased by 25%, or $147.8, primarily from lower LNG activity and a one-time energy-related equipment sale that occurred in 2007. Operating income of $38.9 decreased by $37.9, primarily from lower LNG heat exchanger activity.

The sales backlog for the Equipment business at 30 September 2008 was $399, compared to $258 at 30 September 2007.

Other

Other operating income (loss) includes expense and income that cannot be directly associated with the business segments, including foreign exchange gains and losses, interest income, and costs previously allocated to businesses now reported as discontinued operations. Also included are LIFO inventory adjustments, as the business segments use FIFO and the LIFO pool adjustments are not allocated to the business segments. Corporate general and administrative costs and research and development costs are fully allocated to the business segments.

	2009	2008	2007
Operating (loss)	**$ (17.3)**	$ (30.8)	$ (26.0)

2009 vs. 2008

Operating loss of $17.3 decreased by $13.5. The decrease is primarily due to favorable LIFO inventory adjustments versus the prior year. Unfavorable currency partially offset this decline. No other items were individually significant in comparison to the prior year.

2008 vs. 2007

Operating loss of $30.8 increased by $4.8. No items were individually significant in comparison to the prior year.

PENSION BENEFITS

The Company and certain of its subsidiaries sponsor defined benefit pension plans that cover a substantial portion of its worldwide employees. The principal defined benefit pension plans—the U.S. Salaried Pension Plan and the U.K. Pension Plan—were closed to new participants in 2005 and were replaced with defined contribution plans. The move to defined contribution plans has not had a material impact on retirement program cost levels or funding. Over the long run, however, the new defined contribution plans are expected to reduce volatility of both expense and contributions.

For 2009, the fair market value of pension plan assets for the Company's defined benefit plans as of the measurement date increased to $2,251.0 from $2,218.2 in 2008. The projected benefit obligation for these plans as of the measurement date was $3,386.0 and $2,731.7 in 2009 and 2008, respectively. The increase in the obligation was due principally to a decrease in the weighted average discount rate used to measure future benefit obligations to 5.6% from 7.1%. Refer to Note 15 to the Consolidated Financial Statements for comprehensive and detailed disclosures on the Company's postretirement benefits.

Pension Expense

	2009	2008	2007
Pension expense	**$ 110.0**	$ 127.0	$ 138.5
Special terminations, settlements, and curtailments (included above)	**43.8**	31.5	12.3
Weighted average discount rate	**7.1%**	6.1%	5.7%
Weighted average expected rate of return on plan assets	**8.3%**	8.8%	8.8%
Weighted average expected rate of compensation increase	**4.3%**	4.2%	4.1%

2009 vs. 2008

The decrease in pension expense was primarily attributable to the 100 basis point increase in the weighted average discount rate. Expense in 2009 included $43.8 of special termination, settlement, and curtailment charges, of which $32.3 was related to the global cost reduction plan.

2008 vs. 2007

The decrease in pension expense was primarily attributable to the 40 basis point increase in the weighted average discount rate. Expense included $31.5 in 2008 and $12.3 in 2007 for special termination, settlement, and curtailment charges.

2010 Outlook

Pension expense is estimated to be approximately $125 in 2010, an increase of $15. Expense in 2009 included $43.8 of special termination, settlement, and curtailment charges. In 2010, pension expense will include approximately $64 for amortization of actuarial losses versus $17 in 2009. Actuarial losses of $739.2 were incurred in 2009, resulting primarily from a lower discount rate used to determine the 2010 expense and actual asset returns below expected returns. Actuarial gains/losses, in excess of certain thresholds, are amortized into pension expense over the average remaining service lives of the employees to the extent they are not offset by future gains or losses. Future changes in the discount rate and actual returns on plan assets, different from expected returns, would impact the actuarial gains/losses and resulting amortization in years beyond 2010.

Pension Funding

Pension funding includes both contributions to funded plans and benefit payments under unfunded plans. With respect to funded plans, the Company's funding policy is that contributions, combined with appreciation and earnings, will be sufficient to pay benefits without creating unnecessary surpluses.

In addition, the Company makes contributions to satisfy all legal funding requirements while managing its capacity to benefit from tax deductions attributable to plan contributions. The Company analyzes the liabilities and demographics of each plan, which help guide the level of contributions. During 2009 and 2008, the Company's cash contributions to funded plans and benefit payments under unfunded plans were $184.8 and $234.0, respectively. The majority of the cash contributions were voluntary.

Cash contributions and benefit payments for defined benefit plans are estimated to be approximately $360 in 2010. Of this amount, $200 has been contributed in October 2009. Actual future contributions will depend on future funding legislation, discount rates, investment performance, plan design, and various other factors. Refer to the Contractual Obligations discussion on page 33 for a projection of future contributions.

ENVIRONMENTAL MATTERS

The Company is subject to various environmental laws and regulations in the countries in which it has operations. Compliance with these laws and regulations results in higher capital expenditures and costs. From time to time, the Company is involved in proceedings under the Comprehensive Environmental Response, Compensation and Liability Act (the federal Superfund law), similar state laws, and the Resource Conservation and Recovery Act (RCRA) relating to the designation of certain sites for investigation and possible cleanup. The Company's accounting policy for environmental expenditures is discussed in Note 1 to the Consolidated Financial Statements, and environmental loss contingencies are discussed in Note 16 to the Consolidated Financial Statements.

The amounts charged to income from continuing operations on an after-tax basis related to environmental matters totaled $32.6, $31.0, and $25.1 in 2009, 2008, and 2007, respectively. These amounts represent an estimate of expenses for compliance with environmental laws, remedial activities, and activities undertaken to meet internal Company standards. Future costs are not expected to be materially different from these amounts.

Although precise amounts are difficult to determine, the Company estimates that in 2009, it spent approximately $6 on capital projects to control pollution versus $7 in 2008. Capital expenditures to control pollution in future years are estimated to be approximately $7 in both 2010 and 2011.

The Company accrues environmental investigatory and remediation costs for identified sites when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The potential exposure for such costs is estimated to range from $95 to a reasonably possible upper exposure of $109. The balance sheet at 30 September 2009 and 2008 included an accrual of $95.0 and $82.9, respectively. The accrual for the environmental obligations relating to the Pace, Florida; Piedmont, South Carolina; and the Paulsboro, New Jersey facilities is included in these amounts. Refer to Note 16 to the Consolidated Financial Statements for further details on these facilities.

Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Subject to the imprecision in estimating future environmental costs, the Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse impact on its financial position or results of operations in any one year.

Some of the Company's operations are within jurisdictions that have, or are developing, regulations governing emissions of greenhouse gases (GHGs). These include existing and expanding coverage under the European Union Emissions Trading Scheme; mandatory reporting and reductions at manufacturing facilities in Alberta, Canada; and mandatory reporting and anticipated constraints on GHG emissions in California and Ontario. In the U.S., regional initiatives have been implemented that will regulate GHG emissions from fossil fuel-driven power plants, and some federal legislative proposals also focus on such power plants. As a large consumer of electric power, the Company could be impacted by increased costs that may arise from such regulatory controls. In addition, federal legislation has been introduced in the U.S. that would regulate greenhouse gas emissions from the Company's hydrogen facilities and other operations, such as production of fluorinated gases manufactured by the Company. Increased public awareness and concern may result in more international, U.S. federal, and/or regional requirements to reduce or mitigate the effects of GHGs.

The Company may incur costs related to GHG emissions from its hydrogen facilities and other operations such as fluorinated gases production. The Company believes it will be able to mitigate some of the potential costs through its contractual terms, but the lack of definitive legislation or regulatory requirements prevents accurate prediction of the long-term impact on the Company. Any legislation that limits or taxes GHG emissions from Company facilities could impact the Company's growth by increasing its operating costs or reducing demand for certain of its products.

Regulation of GHGs may also produce new opportunities for the Company. The Company continues to develop technologies to help its facilities and its customers lower energy consumption, improve efficiency, and lower emissions. The Company is also developing a portfolio of technologies that capture carbon dioxide from power and chemical plants before it reaches the atmosphere, enable cleaner transportation fuels, and facilitate alternate fuel source development. In addition, the potential demand for clean coal and the Company's carbon capture solutions could increase demand for oxygen, one of the Company's main products, and the Company's proprietary technology for delivering low-cost oxygen.

LIQUIDITY AND CAPITAL RESOURCES

The Company maintained a solid financial position throughout 2009. Cash flow from operations, supplemented with proceeds from borrowings, provided funding for the Company’s capital spending and dividend payments. The Company continues to maintain debt ratings of A/A2 (long-term) and A-1/P-1 (short-term), by Standard & Poor’s/Moody’s and retained consistent access to commercial paper markets throughout the year.

The Company’s cash flows from operating, investing, and financing activities, as reflected in the Consolidated Statements of Cash Flows, are summarized in the following table:

	2009	2008	2007
Cash provided by (used for):			
Operating activities	**$ 1,322.9**	$1,679.6	$ 1,499.9
Investing activities	**(1,040.4)**	(919.8)	(1,483.1)
Financing activities	**101.5**	(698.5)	(14.9)

Operating Activities

2009 vs. 2008

Net cash provided by operating activities decreased $356.7, or 21%. The decrease resulted from the reduction in net income of $278.4 combined with the unfavorable impact of noncash adjustments to income of $170.7, partially offset by favorable changes in working capital of $92.4. Noncash adjustments include depreciation and amortization, impairment charges, and share-based compensation cost. These adjustments also include changes in operating assets, such as noncurrent capital lease receivables, and liabilities which reflect timing differences between the receipt or disbursement of cash and their recognition in earnings. Net income in 2009 included noncash impairment charges of $118.7 related to the global cost reduction plan and the discontinued U.S. Healthcare business. In 2008, U.S. Healthcare noncash impairment charges totaling $314.8 were partially offset by gains of $105.9 on the sale of discontinued operations. Proceeds from the sale of assets and businesses are reflected as an investing activity.

Changes in working capital decreased cash used (positive cash flow variance) by $92.4 and included:

- A $256.4 positive cash flow variance due to lower trade receivables as a result of lower sales.
- A $108.7 positive cash flow variance from other receivables due primarily to the recognition of a deferred tax asset in 2008 related to the U.S. Healthcare impairment charge. The recognition of this asset represented a use of cash in 2008.
- A $319.0 negative cash flow variance due to a higher use of cash for payables and accrued liabilities. This variance was due to a lower level of activity and the timing of payments.

2008 vs. 2007

Net cash provided by operating activities increased $179.7, or 12%. The increase resulted principally from a decrease in the use of cash for working capital of $218.1. The decline in net income of $125.9 was offset by the favorable impact of noncash adjustments to income of $87.5. Net income in 2008 included a noncash impairment charge of $314.8 related to the U.S. Healthcare business. Net income in 2008 also included a gain of $105.9 related to the sale of discontinued operations, and adjustments to income included an increase in noncurrent capital lease receivables of $121.8.

Changes in working capital decreased cash used (positive cash flow variance) by $218.1 and included:

- A $255.7 positive cash flow variance for payables and accrued liabilities due mainly to an increase in customer advances related to equipment sales, lower pension plan contributions, and the timing of payments.
- A $156.5 positive cash flow variance due to a reduction in contracts in progress resulting from lower equipment activity.
- A $97.2 negative cash flow variance from higher trade receivables due primarily to higher sales, offset partially by increased collections.
- A $77.5 negative cash flow variance from other receivables resulting from the recognition of a deferred tax asset related to the U.S. Healthcare impairment charge.

Investing Activities

2009 vs. 2008

Cash used for investing increased $120.6, primarily from lower proceeds from the sale of discontinued operations of $372.0, partially offset by changes in restricted cash of $270.6.

- During 2009, the Company completed the sale of its U.S. Healthcare business, which generated proceeds of $51.0. Prior year proceeds of $423.0 included the sales of the Polymer Emulsions and HPPC businesses.
- Decreases in the restricted cash balances, caused by project spending exceeding new bond proceeds, resulted in a source of cash of $87.0 in 2009. Prior year activity resulted in a use of cash of $183.6. The proceeds from the issuance of certain Industrial Revenue Bonds must be held in escrow until related project spending occurs and are classified as noncurrent assets in the balance sheet.

2008 vs. 2007

Cash used for investing decreased $563.3, principally from lower acquisitions of $467.1 and proceeds from the sale of discontinued operations of $423.0, partially offset by changes in restricted cash of $183.6. Additionally, the proceeds from asset sales declined $77.6.

- In 2007, the Company acquired BOC Gazy from The Linde Group for €380 million, or $518.4.
- During 2008, the Company sold its Polymer Emulsions and HPPC businesses.
- Additions to restricted cash, from the proceeds of bonds held in escrow, resulted in a use of cash of $183.6.

Capital Expenditures

Capital expenditures are detailed in the following table:

	2009	2008	2007
Additions to plant and equipment	**$1,179.1**	$1,085.1	$1,013.2
Acquisitions, less cash acquired	**32.7**	72.0	539.1
Investments in and advances to unconsolidated affiliates	**24.5**	2.2	.2
Capital expenditures on a GAAP basis	**$1,236.3**	$1,159.3	$1,552.5
Capital lease expenditures (A)	**238.6**	195.7	82.8
Capital expenditures on a non-GAAP basis	**$1,474.9**	$1,355.0	$1,635.3

(A) The Company utilizes a non-GAAP measure in the computation of capital expenditures and includes spending associated with facilities accounted for as capital leases. Certain contracts associated with facilities that are built to provide product to a specific customer are required to be accounted for as leases, and such spending is reflected as a use of cash within cash provided by operating activities. The presentation of this non-GAAP measure is intended to enhance the usefulness of information by providing a measure which the Company's management uses internally to evaluate and manage the Company's expenditures.

Capital expenditures on a GAAP basis in 2009 totaled $1,236.3, compared to $1,159.3 in 2008. Additions to plant and equipment in 2009 increased by $94.0 compared to 2008. Additions to plant and equipment were largely in support of the Merchant Gases and Tonnage Gases businesses during both 2009 and 2008. Additions to plant and equipment also included support capital of a routine, ongoing nature, including expenditures for distribution equipment and facility improvements.

Capital expenditures on a non-GAAP basis in 2009 totaled $1,474.9, compared to $1,355.0 in 2008. Capital lease expenditures of $238.6 increased by $42.9, reflecting increased expenditures primarily in North America Tonnage Gases. In 2008, capital lease expenditures of $195.7 increased $112.9 from 2007, reflecting higher project spending, primarily in Europe and Asia.

2010 Outlook

Capital expenditures for new plant and equipment in 2010 on a GAAP basis are expected to be between $1,000 and $1,200, and on a non-GAAP basis are expected to be between $1,300 and $1,500. The majority of spending is expected in the Tonnage Gases segment, with approximately $1,000 associated with new plants. It is anticipated that capital expenditures will be funded principally with cash from continuing operations. In addition, the Company intends to continue to evaluate acquisition opportunities and investments in equity affiliates.

Financing Activities

2009 vs. 2008

Cash provided by financing activities increased $800.0, primarily as a result of share repurchases of $793.4 in 2008. In 2009, the Company did not purchase any of its outstanding shares.

2008 vs. 2007

Cash used for financing activities increased $683.6, primarily due to:

- A net decrease in borrowings of $299.5. Company borrowings (short- and long-term proceeds, net of repayments) totaled $305.5 as compared to $605.0.
- An increase in cash used for the purchase of treasury stock of $218.2.
- Lower proceeds of $115.4 from stock option exercises.

Financing and Capital Structure

Capital needs in 2009 were satisfied primarily with cash from operations. At the end of 2009, total debt outstanding was $4.5 billion compared to $4.0 billion, and cash and cash items were $.5 billion compared to $.1 billion. Total debt at 30 September 2009 and 2008, expressed as a percentage of the sum of total debt, shareholders' equity, and minority interest, was 47.7% and 43.4%, respectively.

Long-term debt proceeds of $610.5 included $400.0 from the issuance of a fixed-rate 4.375% 10-year senior note and $158.8 from Industrial Revenue Bonds. Refer to Note 14 to the Consolidated Financial Statements for additional information.

In September 2008, the Company increased the size of its multicurrency committed revolving credit facility, maturing May 2011, from $1,200 to $1,450. Fifteen major global banks provide commitments under this facility, and the Company is confident that funding would be available from these banks if it were necessary to draw on the facility. As of 30 September 2009, no borrowings were outstanding under this facility. Additional commitments of $396.6 are maintained by the Company's foreign subsidiaries, of which $294.8 was borrowed and outstanding at 30 September 2009. There was no commercial paper outstanding at 30 September 2009.

On 20 September 2007, the Board of Directors authorized the repurchase of up to $1.0 billion of the Company's outstanding common stock. During 2009, the Company did not purchase any shares under this authorization. At 30 September 2009, $649.2 in share repurchase authorization remained.

2010 Outlook

The Company projects a limited need to access the long-term debt markets in 2010 due to its projected operating cash flows and its available cash balance at the end of 2009. The Company expects that it will continue to be able to access the commercial paper and other short-term debt markets.

Dividends

On 19 March 2009, the Board of Directors increased the quarterly cash dividend from $.44 per share to $.45 per share. Dividends are declared by the Board of Directors and are usually paid during the sixth week after the close of the fiscal quarter.

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. The following table summarizes these obligations of the Company as of 30 September 2009:

	Payments Due By Period						
	Total	2010	2011	2012	2013	2014	Thereafter
Long-term debt obligations							
Debt maturities	$ 4,159	$ 452	$ 193	$ 455	$ 310	$ 469	$ 2,280
Contractual interest	765	128	122	108	88	69	250
Capital leases	11	3	2	1	1	1	3
Operating leases	227	58	45	32	26	22	44
Pension obligations	1,144	360	145	75	80	150	334
Unconditional purchase obligations	1,785	611	120	112	115	120	707
Total Contractual Obligations	$ 8,091	$ 1,612	$ 627	$ 783	$ 620	$ 831	$ 3,618

Long-Term Debt Obligations

The long-term debt obligations include the maturity payments of long-term debt, including current portion, and the related contractual interest obligations. Refer to Note 14 to the Consolidated Financial Statements for additional information on long-term debt.

Contractual interest is the interest the Company is contracted to pay on the long-term debt obligations without taking into account the interest impact of interest rate swaps related to any of this debt, which at current interest rates would slightly decrease contractual interest. The Company had $1,413 of long-term debt subject to variable interest rates at 30 September 2009, excluding fixed-rate debt that has been swapped to variable-rate debt. The rate assumed for the variable interest component of the contractual interest obligation was the rate in effect at 30 September 2009. Variable interest rates are primarily determined by interbank offer rates and by U.S. short-term tax-exempt interest rates.

Leases

Refer to Note 11 to the Consolidated Financial Statements for additional information on capital and operating leases.

Pension Obligations

The amounts in the table above represent the current estimated cash payments to be made by the Company that in total equal the recognized pension liabilities. Refer to Note 15 to the Consolidated Financial Statements. These payments are based upon the current valuation assumptions and regulatory environment.

The total accrued liability for pension benefits is impacted by interest rates, plan demographics, actual return on plan assets, continuation or modification of benefits, and other factors. Such factors can significantly impact the amount of the liability and related contributions.

Unconditional Purchase Obligations

Most of the Company's long-term unconditional purchase obligations relate to feedstock supply for numerous HyCO (hydrogen, carbon monoxide, and syngas) facilities. The price of feedstock supply is principally related to the price of natural gas. However, long-term take-or-pay sales contracts to HyCO customers are generally matched to the term of the feedstock supply obligations and provide recovery of price increases in the feedstock supply. Due to the matching of most long-term feedstock supply obligations to customer sales contracts, the Company does not believe these purchase obligations would have a material effect on its financial condition or results of operations.

The above unconditional purchase obligations include other product supply commitments and also electric power and natural gas supply purchase obligations. In addition, purchase commitments to spend approximately $369 for additional plant and equipment are included in the unconditional purchase obligations in 2010.

The Company also purchases materials, energy, capital equipment, supplies, and services as part of the ordinary course of business under arrangements that are not unconditional purchase obligations. The majority of such purchases are for raw materials and energy, which are obtained under requirements-type contracts at market prices. In total, purchases by the Company approximate $6.4 billion annually, including the unconditional purchase obligations in the table above.

Income Tax Liabilities

Noncurrent deferred income tax liabilities as of 30 September 2009 were $357.9. Refer to Note 20 to the Consolidated Financial Statements. Tax liabilities related to uncertain tax positions as of 30 September 2009 were $194.9. These tax liabilities were not included in the Contractual Obligations table, as it is impractical to determine a cash impact by year.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has entered into certain guarantee agreements as discussed in Note 16 to the Consolidated Financial Statements. The Company is not a primary beneficiary in any material variable interest entity. The Company does not have any derivative instruments indexed to its own stock. 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 primarily in the industrial gas business. 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.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's earnings, cash flows, and financial position are exposed to market risks relating to fluctuations in interest rates and foreign currency exchange rates. It is the Company's policy to minimize its cash flow exposure to adverse changes in currency exchange rates and to manage the financial risks inherent in funding with debt capital.

The Company mitigates adverse energy price impacts through its cost pass-through contracts with customers, as well as price increases. The Company has entered into a limited number of commodity swap contracts in order to reduce the cash flow exposure to changes in the price of natural gas relative to certain oil-based feedstocks.

The Company addresses these financial exposures through a controlled program of risk management that includes the use of derivative financial instruments. Counterparties to all derivative contracts are major financial institutions, thereby minimizing the risk of credit loss. All instruments are entered into for other than trading purposes. For details on the types and use of these derivative instruments and the major accounting policies, see Notes 1 and 12 to the Consolidated Financial Statements.

The Company's derivative and other financial instruments consist of long-term debt (including current portion), interest rate swaps, cross currency interest rate swaps, foreign exchange-forward contracts, foreign exchange-option contracts, and commodity swaps. The net market value of these financial instruments combined is referred to below as the net financial instrument position. The net financial instrument position does not include other investments of $19.4 at 30 September 2009 and $15.6 at 30 September 2008 as disclosed in Note 13 to the Consolidated Financial Statements.

At 30 September 2009 and 2008, the net financial instrument position was a liability of $4,510 and $3,629, respectively. The increase in the net financial instrument position was due primarily to the issuance of new long-term debt and the impact of lower interest rates on the market value of long-term debt.

The analysis below presents the sensitivity of the market value of the Company's financial instruments to selected changes in market rates and prices. The range of changes chosen reflects the Company's view of changes that are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on the market rates and prices chosen. The market values for interest rate risk and foreign currency risk are calculated by the Company using a third-party software model that utilizes standard pricing models to determine the present value of the instruments based on market conditions (interest rates, spot and forward exchange rates, and implied volatilities) as of the valuation date.

Interest Rate Risk

The Company's debt portfolio, including swap agreements, as of 30 September 2009 primarily comprised debt denominated in Euros (49%) and U.S. dollars (37%), including the effect of currency swaps. This debt portfolio is composed of 55% fixed-rate debt and 45% variable-rate debt. Changes in interest rates have different impacts on the fixed- and variable-rate portions of the Company's debt portfolio. A change in interest rates on the fixed portion of the debt portfolio impacts the net financial instrument position but has no impact on interest incurred or cash flows. A change in interest rates on the variable portion of the debt portfolio impacts the interest incurred and cash flows but does not impact the net financial instrument position.

The sensitivity analysis related to the fixed portion of the Company's debt portfolio assumes an instantaneous 100 basis point move in interest rates from the level at 30 September 2009, with all other variables held constant. A 100 basis point increase or decrease in market interest rates would result in a decrease or increase, respectively, of $92 in the net liability position of financial instruments at 30 September 2009.

Based on the variable-rate debt included in the Company's debt portfolio, including the interest rate swap agreements, as of 30 September 2009, a 100 basis point increase or decline in interest rates would result in an additional $20 of interest incurred or lower interest incurred by $20, respectively.

Foreign Currency Exchange Rate Risk

The sensitivity analysis assumes an instantaneous 10% change in the foreign currency exchange rates from their levels at 30 September 2009, with all other variables held constant. A 10% strengthening or weakening of the functional currency of an entity versus all other currencies would result in a decrease or increase, respectively, of $369 in the net liability position of financial instruments.

The primary currencies for which the Company has exchange rate exposure are the U.S. dollar versus the Euro and the U.S. dollar versus the Pound Sterling. Foreign currency debt, cross currency interest rate swaps, and foreign exchange-forward contracts are used in countries where the Company does business, thereby reducing its net asset exposure. Foreign exchange-forward contracts are also used to hedge the Company's firm and highly anticipated foreign currency cash flows, along with foreign exchange-option contracts. Thus, there is either an asset/liability or cash flow exposure related to all of the financial instruments in the above sensitivity analysis for which the impact of a movement in exchange rates would be in the opposite direction and materially equal (or more favorable in the case of purchased foreign exchange-option contracts) to the impact on the instruments in the analysis.

Commodity Price Risk

The sensitivity analysis assumes an instantaneous 50% change in the price of natural gas and oil-based feedstocks, at 30 September 2009, with all other variables held constant. The impact of a 50% change in these prices would not have a significant impact on the net liability position of financial instruments at 30 September 2009.

INFLATION

The financial statements are presented in accordance with U.S. generally accepted accounting principles and do not fully reflect the impact of prior years' inflation. While the U.S. inflation rate has been modest for several years, the Company operates in many countries with both inflation and currency issues. The ability to pass on inflationary cost increases is an uncertainty due to general economic conditions and competitive situations. It is estimated that the cost of replacing the Company's plant and equipment today is greater than its historical cost. Accordingly, depreciation expense would be greater if the expense were stated on a current cost basis.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Note 1 to the Consolidated Financial Statements describes the Company's major accounting policies. Judgments and estimates of uncertainties are required in applying the Company's accounting policies in many areas. However, application of the critical accounting policies discussed below requires management's significant judgments, often as the result of the need to make estimates of matters that are inherently uncertain. If actual results were to differ materially from the estimates made, the reported results could be materially affected. The Company's management has reviewed these critical accounting policies and estimates and related disclosures with its audit committee.

Depreciable Lives of Plant and Equipment

Net plant and equipment at 30 September 2009 totaled $6,859.6, and depreciation expense totaled $815.9 during 2009. Plant and equipment is recorded at cost and depreciated using the straight-line method, which deducts equal amounts of the cost of each asset from earnings every year over its estimated economic useful life.

Economic useful life is the duration of time an asset is expected to be productively employed by the Company, which may be less than its physical life. Assumptions on the following factors, among others, affect the determination of estimated economic useful life: wear and tear, obsolescence, technical standards, contract life, market demand, competitive position, raw material availability, and geographic location.

The estimated economic useful life of an asset is monitored to determine its appropriateness, especially in light of changed business circumstances. For example, changes in technology, changes in the estimated future demand for products, or excessive wear and tear may result in a shorter estimated useful life than originally anticipated. In these cases, the Company would depreciate the remaining net book value over the new estimated remaining life, thereby increasing depreciation expense per year on a prospective basis. Likewise, if the estimated useful life is increased, the adjustment to the useful life decreases depreciation expense per year on a prospective basis.

The Company has numerous long-term customer supply contracts, particularly in the gases on-site business within the Tonnage Gases segment. These contracts principally have initial contract terms of 15 to 20 years. There are also long-term customer supply contracts associated with the tonnage gases business within the Electronics and Performance Materials segment. These contracts principally have initial terms of 10 to 15 years. Depreciable lives of the production assets related to long-term contracts are matched to the contract lives. Extensions to the contract term of supply frequently occur prior to the expiration of the initial term. As contract terms are extended, the depreciable life of the remaining net book value of the production assets is adjusted to match the new contract term.

The depreciable lives of production facilities within the Merchant Gases segment are principally 15 years. Customer contracts associated with products produced at these types of facilities typically have a much shorter term. The depreciable lives of production facilities within the Electronics and Performance Materials segment, where there is not an associated long-term supply agreement, range from 10 to 15 years. These depreciable lives have been determined based on historical experience combined with judgment on future assumptions such as technological advances, potential obsolescence, competitors' actions, etc. Management monitors its assumptions and may potentially need to adjust depreciable life as circumstances change.

A change in the depreciable life by one year for production facilities within the Merchant Gases and Electronics and Performance Materials segments for which there is not an associated long-term customer supply agreement would impact annual depreciation expense as summarized below:

	Decrease Life By 1 Year	Increase Life By 1 Year
Merchant Gases	$ 20	$ (16)
Electronics and Performance Materials	$ 15	$ (13)

Impairment of Long-Lived Assets

Plant and Equipment

Net plant and equipment at 30 September 2009 totaled $6,859.6. Plant and equipment held for use is grouped for impairment testing at the lowest level for which there is identifiable cash flows. Impairment testing of the asset group occurs whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Such circumstances would include a significant decrease in the market value of a long-lived asset grouping, a significant adverse change in the manner in which the asset grouping is being used or in its physical condition, a history of operating or cash flow losses associated with the use of the asset grouping, or changes in the expected useful life of the long-lived assets.

If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by that asset group is compared to the carrying value to determine whether impairment exists. If an asset group is determined to be impaired, the loss is measured based on the difference between the asset group's fair value and its carrying value. An estimate of the asset group's fair value is based on the discounted value of its estimated cash flows. Assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

The assumptions underlying cash flow projections represent management's best estimates at the time of the impairment review. Factors that management must estimate include industry and market conditions, sales volume and prices, costs to produce, inflation, etc. Changes in key assumptions or actual conditions that differ from estimates could result in an impairment charge. The Company uses reasonable and supportable assumptions when performing impairment reviews and cannot predict the occurrence of future events and circumstances that could result in impairment charges.

Goodwill

The purchase method of accounting for business combinations currently requires the Company to make use of estimates and judgments to allocate the purchase price paid for acquisitions to the fair value of the net tangible and identifiable intangible assets. Goodwill represents the excess of the aggregate purchase price over the fair value of net assets of an acquired entity. Goodwill, including goodwill associated with equity affiliates of $56.1, was $972.1 as of 30 September 2009. The majority of the Company's goodwill is assigned to reporting units within the Merchant Gases and Electronics and Performance Materials segments. Disclosures related to goodwill are included in Note 9 to the Consolidated Financial Statements.

The Company performs an impairment test annually in the fourth quarter of the fiscal year. In addition, goodwill would be tested more frequently if changes in circumstances or the occurrence of events indicated that potential impairment exists. The impairment test requires the Company to compare the fair value of business reporting units to carrying value, including assigned goodwill. The Company has designated its reporting units for goodwill impairment testing as one level below the operating segment for which discrete financial information is available and whose operating results are reviewed by segment managers regularly. Currently, the Company has four business segments and fifteen reporting units. Reporting units are primarily based on products and geographic locations within each business segment.

In the fourth quarter of 2009, the Company conducted the required annual test of goodwill for impairment. There were no indications of impairment.

The Company primarily uses an income approach valuation model, representing the present value of future cash flows, to determine fair value of a reporting unit. The Company's valuation model uses a five-year growth period for the business and an estimated exit trading multiple. Management has determined the income approach valuation model represents the most appropriate valuation methodology due to the capital intensive nature of the business, long-term contractual nature of the business, relatively consistent cash flows generated by the Company's reporting units, and limited comparables within the industry. The principal assumptions utilized in the Company's income approach valuation model include revenue growth rate, operating profit margins, discount rate, and exit multiple. Revenue growth rate and operating profit assumptions are consistent with those utilized in the Company's operating plan and long-term financial planning process. The discount rate assumption is calculated based upon an estimated weighted average cost of capital which includes factors such as the risk free rate of return, cost of debt, and expected equity premiums. The exit multiple is determined from comparable industry transactions. Also, the expected cash flows consider the customer attrition rate assumption, which is based on historical experience and current and future expected market conditions. Management judgment is required in the determination of each assumption utilized in the valuation model, and actual results could differ from the estimates.

Intangible Assets

Intangible assets at 30 September 2009 totaled $262.6 and consisted primarily of customer relationships that were acquired as part of business combinations. The Company has no acquired intangible assets with indefinite lives. Intangible assets are tested for impairment as part of the long-lived asset grouping impairment tests. Impairment testing of the asset group occurs whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. See impairment discussion above under Plant and Equipment for a description of how impairment losses are determined.

Equity Investments

Investments in and advances to equity affiliates totaled $868.1 at 30 September 2009. The majority of the Company's investments are non-publicly traded ventures with other companies in the industrial gas business. Summarized financial information of equity affiliates is included in Note 7 to the Consolidated Financial Statements. Equity investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable.

In the event that a decline in fair value of an investment occurs, and the decline in value is considered to be other than temporary, an impairment loss would be recognized. Management's estimate of fair value of an investment is based on estimated discounted future cash flows expected to be generated by the investee. Changes in key assumptions about the financial condition of an investee or actual conditions that differ from estimates could result in an impairment charge.

Income Taxes

The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are recognized for the tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities measured using the enacted tax rate. At 30 September 2009, accrued income taxes and deferred tax liabilities amounted to $42.9 and $357.9, respectively. Tax liabilities related to uncertain tax positions as of 30 September 2009 were $194.9. Current and noncurrent deferred tax assets equaled $278.1 at 30 September 2009. Income tax expense was $185.3 for the year ended 30 September 2009. Management judgment is required in determining income tax expense and the related balance sheet amounts. Judgments are required concerning the ultimate outcome of tax contingencies and the realization of deferred tax assets.

Actual income taxes paid may vary from estimates, depending upon changes in income tax laws, actual results of operations, and the final audit of tax returns by taxing authorities. Tax assessments may arise several years after tax returns have been filed. The Company believes that its recorded tax liabilities adequately provide for the probable outcome of these assessments.

Deferred tax assets are recorded for operating losses and tax credit carryforwards. However, when there are not sufficient sources of future taxable income to realize the benefit of the operating losses or tax credit carryforwards, these deferred tax assets are reduced by a valuation allowance. A valuation allowance is recognized if, based on the weight of available evidence, it is considered more likely than not that some portion or all of the deferred tax asset will not be realized. The factors used to assess the likelihood of realization include forecasted future taxable income and available tax planning strategies that could be implemented to realize or renew net deferred tax assets in order to avoid the potential loss of future tax benefits. The effect of a change in the valuation allowance is reported in the current period tax expense.

A 1% point increase/decrease in the Company's effective tax rate would have decreased/increased net income by approximately $8.

Pension Benefits

The amounts recognized in the consolidated financial statements for pension benefits under the defined benefit plans are determined on an actuarial basis utilizing numerous assumptions. The discussion that follows provides information on the significant assumptions and expense associated with the defined benefit plans.

Actuarial models are used in calculating the pension expense and liability related to the various defined benefit plans. These models have an underlying assumption that the employees render service over their service lives on a relatively consistent basis; therefore, the expense of benefits earned should follow a similar pattern.

Several assumptions and statistical variables are used in the models to calculate the expense and liability related to the plans. The Company determines assumptions about the discount rate, the expected rate of return on plan assets, and the rate of compensation increase. Note 15 to the Consolidated Financial Statements includes disclosure of these rates on a weighted average basis for both the domestic and international plans. The actuarial models also use assumptions on demographic factors such as retirement age, mortality, and turnover rates. The Company believes the actuarial assumptions are reasonable. However, actual results could vary materially from these actuarial assumptions due to economic events and different rates of retirement, mortality, and turnover.

One of the critical assumptions used in the actuarial models is the discount rate. This rate reflects the prevailing market rate for high-quality, fixed-income debt instruments with maturities corresponding to the expected duration of the benefit obligations on the annual measurement date for each of the various plans. The rate is used to discount the future cash flows of benefit obligations back to the measurement date. For the U.S. Plans, the timing and amount of expected benefit cash flows are matched with an interest rate curve applicable to the returns of high quality corporate bonds over the expected benefit payment period to determine an overall effective discount rate. In making this determination, the Company considers the yields on the Citigroup Pension Discount Curve and the Citigroup Above Median Pension Discount Curve, the general movement of interest rates, and the changes in those rates from one period to the next. This rate can change from year-to-year based on market conditions that affect corporate bond

yields. A higher discount rate decreases the present value of the benefit obligations and results in lower pension expense. A 50 basis point increase/decrease in the discount rate decreases/increases pension expense by approximately $20 per year.

The expected rate of return on plan assets represents the average rate of return to be earned by plan assets over the period that the benefits included in the benefit obligation are to be paid. The expected return on plan assets assumption is based on an estimated weighted average of long-term returns of major asset classes. In determining asset class returns, the Company takes into account long-term returns of major asset classes, historical performance of plan assets, and related value-added of active management, as well as the current interest rate environment. Asset allocation is determined by an asset/ liability study that takes into account plan demographics, asset returns, and acceptable levels of risk. Lower returns on the plan assets result in higher pension expense. A 50 basis point increase/decrease in the estimated rate of return on plan assets decreases/increases pension expense by approximately $12 per year.

The Company uses a market-related valuation method for recognizing investment gains or losses. Investment gains or losses are the difference between the expected and actual return based on the market-related value of assets. This method recognizes investment gains or losses over a five-year period from the year in which they occur, which reduces year-to-year volatility. Expense in future periods will be impacted as gains or losses are recognized in the market-related value of assets over the five-year period.

The expected rate of compensation increase is another key assumption. The Company determines this rate based on review of the underlying long-term salary increase trend characteristic of labor markets and historical experience, as well as comparison to peer companies. A 50 basis point increase/decrease in the expected rate of compensation increases/decreases pension expense by approximately $12 per year.

Loss Contingencies

In the normal course of business the Company encounters contingencies, i.e., situations involving varying degrees of uncertainty as to the outcome and effect on the Company. The Company accrues a liability for loss contingencies when it is considered probable that a liability has been incurred and the amount of loss can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued.

Contingencies include those associated with litigation and environmental matters for which the Company's accounting policy is discussed in Note 1 to the Consolidated Financial Statements, and particulars are provided in Note 16 to the Consolidated Financial Statements. Significant judgment is required in both determining probability and whether the amount of loss associated with a contingency can be reasonably estimated. These determinations are made based on the best available information at the time. As additional information becomes available, the Company reassesses probability and estimates of loss contingencies. Revisions in the estimates associated with loss contingencies could have a significant impact on the Company's results of operations in the period in which an accrual for loss contingencies is recorded or adjusted. For example, due to the inherent uncertainties related to environmental exposures, a significant increase to environmental liabilities could occur if a new site is designated, the scope of remediation is increased, or the Company's proportionate share is increased. Similarly, a future charge for regulatory fines or damage awards associated with litigation could have a significant impact on the Company's net income in the period in which it is recorded.

NEW ACCOUNTING GUIDANCE

See Note 2 to the Consolidated Financial Statements for information concerning the Company's implementation and impact of new accounting guidance.

Table of Contents

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 this report is filed regarding important risk factors. Actual performance and financial results may differ materially from projections and estimates expressed in the forward-looking statements because of many factors not anticipated by management, including, without limitation, longer than anticipated delay in global economic recovery; renewed deterioration in economic and business conditions; weakening demand for the Company’s products; future financial and operating performance of major customers and industries served by the Company; inability to collect receivables from or recovery of payments made by customers in bankruptcy proceedings; unanticipated contract terminations or customer cancellations or postponement of projects and sales; asset impairments due to economic conditions or specific product or customer events; costs associated with future restructuring actions which are not currently planned or anticipated; the impact of competitive products and pricing; interruption in ordinary sources of supply of raw materials; the ability to recover unanticipated increased energy and raw material costs from customers; costs and outcomes of litigation or regulatory activities; 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; significant fluctuations in interest rates and foreign currencies from that currently anticipated; the continued availability of capital funding sources in all of the Company’s foreign operations; the impact of new or changed environmental, healthcare, tax or other legislation and regulations in jurisdictions in which the Company and its affiliates operate; the impact of new or changed financial accounting guidance; 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.

Table of Contents

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Air Products' management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting, which is defined in the following sentences, is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(ii) provide reasonable assurance that the transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of inherent limitations, internal control over financial reporting can only provide reasonable assurance and may not prevent or detect misstatements. Further, because of changes in conditions, the effectiveness of our internal control over financial reporting may vary over time. Our processes contain self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

Management has evaluated the effectiveness of its internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that, as of 30 September 2009, the Company's internal control over financial reporting was effective.

KPMG LLP, an independent registered public accounting firm, has issued their opinion on the Company's internal control over financial reporting as of 30 September 2009 as stated in their report which appears herein.

/s/ John E. McGlade	/s/ Paul E. Huck
John E. McGlade Chairman, President, and Chief Executive Officer 25 November 2009	Paul E. Huck Senior Vice President and Chief Financial Officer 25 November 2009

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Air Products and Chemicals, Inc.:

We have audited the accompanying consolidated balance sheets of Air Products and Chemicals, Inc. and Subsidiaries (the Company) as of 30 September 2009 and 2008, and the related consolidated income statements and consolidated statements of shareholders' equity and cash flows for each of the years in the three-year period ended 30 September 2009. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule referred to in item 15(a)(2) in this Form 10-K. We also have audited the Company's internal control over financial reporting as of 30 September 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these consolidated financial statements and financial statement schedule, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Air Products and Chemicals, Inc. and Subsidiaries as of 30 September 2009 and 2008, and the results of their operations and their cash flows for each of the years in the three-year period ended 30 September 2009, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein. Also in our opinion, Air Products and Chemicals, Inc. and Subsidiaries maintained, in all material respects, effective internal control over financial reporting as of 30 September 2009, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

As discussed in Note 2 to the consolidated financial statements, the Company adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," effective 1 October 2007 (incorporated into Accounting Standards Codification (ASC) Topic 740, "Income Taxes") and Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," as of 30 September 2007 (incorporated into ASC Topic 715, "Compensation—Retirement Plans").

/s/ KPMG LLP
Philadelphia, Pennsylvania
25 November 2009

The Consolidated Financial Statements

Air Products and Chemicals, Inc. and Subsidiaries
CONSOLIDATED INCOME STATEMENTS

Year ended 30 September (Millions of dollars, except for share data)	2009	2008	2007
Sales	**$8,256.2**	$10,414.5	$9,148.2
Cost of sales	**6,042.1**	7,693.1	6,698.9
Selling and administrative	**943.4**	1,090.4	999.8
Research and development	**116.3**	130.7	129.0
Global cost reduction plan	**298.2**	—	13.7
Customer contract settlement	**—**	—	(36.8)
Customer bankruptcy	**22.2**	—	—
Pension settlement	**10.7**	30.3	10.3
Other income, net	**23.0**	25.8	42.3
Operating Income	**846.3**	1,495.8	1,375.6
Equity affiliates' income	**112.2**	145.0	114.4
Interest expense	**121.9**	162.0	162.4
Income from Continuing Operations before Taxes and Minority Interest	**836.6**	1,478.8	1,327.6
Income tax provision	**185.3**	365.3	287.2
Minority interest in earnings of subsidiary companies	**11.4**	23.0	20.8
Income from Continuing Operations	**639.9**	1,090.5	1,019.6
Income (Loss) from Discontinued Operations, net of tax	**(8.6)**	(180.8)	16.0
Net Income	**$ 631.3**	$ 909.7	$1,035.6
Weighted Average of Common Shares Outstanding (in millions)	**209.9**	212.2	216.2
Weighted Average of Common Shares Outstanding Assuming Dilution (in millions)	**213.5**	219.2	223.2
Basic Earnings per Common Share			
Income from continuing operations	**$ 3.05**	$ 5.14	$ 4.72
Income (loss) from discontinued operations	**(.04)**	(.85)	.07
Net Income	**$ 3.01**	$ 4.29	$ 4.79
Diluted Earnings per Common Share			
Income from continuing operations	**$ 3.00**	$ 4.97	$ 4.57
Income (loss) from discontinued operations	**(.04)**	(.82)	.07
Net Income	**$ 2.96**	$ 4.15	$ 4.64

The accompanying notes are an integral part of these statements.

Table of Contents

Air Products and Chemicals, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

30 September (Millions of dollars, except for share data)	2009	2008
Assets		
Current Assets		
Cash and cash items	$ 488.2	$ 103.5
Trade receivables, less allowances for doubtful accounts of $65.0 in 2009 and $36.1 in 2008	1,363.2	1,575.2
Inventories	509.6	503.7
Contracts in progress, less progress billings	132.3	152.0
Prepaid expenses	99.7	107.7
Other receivables and current assets	399.8	349.4
Current assets of discontinued operations	5.0	56.6
Total Current Assets	2,997.8	2,848.1
Investment in Net Assets of and Advances to Equity Affiliates	868.1	822.6
Plant and Equipment, at cost	15,751.3	14,988.6
Less: Accumulated depreciation	8,891.7	8,373.8
Plant and Equipment, net	6,859.6	6,614.8
Goodwill	916.0	928.1
Intangible Assets, net	262.6	289.6
Noncurrent Capital Lease Receivables	687.0	505.3
Other Noncurrent Assets	438.0	504.1
Noncurrent Assets of Discontinued Operations	—	58.7
Total Noncurrent Assets	10,031.3	9,723.2
Total Assets	$13,029.1	$12,571.3
Liabilities and Shareholders' Equity		
Current Liabilities		
Payables and accrued liabilities	$ 1,660.4	$ 1,665.6
Accrued income taxes	42.9	87.0
Short-term borrowings	333.8	419.3
Current portion of long-term debt	452.1	32.1
Current liabilities of discontinued operations	14.4	8.0
Total Current Liabilities	2,503.6	2,212.0
Long-Term Debt	3,715.6	3,515.4
Deferred Income and Other Noncurrent Liabilities	1,522.0	1,049.2
Deferred Income Taxes	357.9	626.6
Noncurrent Liabilities of Discontinued Operations	—	1.2
Total Noncurrent Liabilities	5,595.5	5,192.4
Total Liabilities	8,099.1	7,404.4
Minority Interest in Subsidiary Companies	138.1	136.2
Commitments and Contingencies—See Note 16		
Shareholders' Equity		
Common stock (par value $1 per share; issued 2009 and 2008—249,455,584 shares)	249.4	249.4
Capital in excess of par value	822.9	811.7
Retained earnings	7,234.6	6,990.2
Accumulated other comprehensive income (loss)	(1,161.8)	(549.3)
Treasury stock, at cost (2009—38,195,320 shares; 2008—40,120,957 shares)	(2,353.2)	(2,471.3)
Total Shareholders' Equity	4,791.9	5,030.7
Total Liabilities and Shareholders' Equity	$13,029.1	$12,571.3

The accompanying notes are an integral part of these statements.

Air Products and Chemicals, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended 30 September (Millions of dollars)	**2009**	2008	2007
Operating Activities			
Net income	**$ 631.3**	$ 909.7	$ 1,035.6
Adjustments to reconcile income to cash provided by operating activities:			
Depreciation and amortization	**840.3**	869.0	789.8
Impairment of assets of continuing operations	**69.2**	—	—
Impairment of assets of discontinued operations	**49.5**	314.8	—
(Gain) loss on sale of discontinued operations	**(2.1)**	(105.9)	15.3
Deferred income taxes	**(52.3)**	36.9	13.7
Customer bankruptcy	**22.2**	—	—
Undistributed earnings of unconsolidated affiliates	**(58.0)**	(77.8)	(59.5)
Loss (gain) on sale of assets and investments	**3.6**	.3	(27.6)
Share-based compensation	**60.4**	61.4	70.9
Noncurrent capital lease receivables	**(186.7)**	(192.6)	(70.8)
Other adjustments	**(7.8)**	2.9	89.7
Working capital changes that provided (used) cash, excluding effects of acquisitions and divestitures:			
Trade receivables	**159.0**	(97.4)	(.2)
Inventories	**(17.7)**	(34.9)	(6.0)
Contracts in progress	**12.5**	95.2	(61.3)
Other receivables	**(11.9)**	(120.6)	(43.1)
Payables and accrued liabilities	**(282.8)**	36.2	(219.5)
Other working capital	**94.2**	(17.6)	(27.1)
Cash Provided by Operating Activities	**1,322.9**	1,679.6	1,499.9
Investing Activities			
Additions to plant and equipment	**(1,179.1)**	(1,085.1)	(1,013.2)
Acquisitions, less cash acquired	**(32.7)**	(72.0)	(539.1)
Investment in and advances to unconsolidated affiliates	**(24.5)**	(2.2)	(.2)
Proceeds from sale of assets and investments	**57.9**	19.6	97.2
Proceeds from sale of discontinued operations	**51.0**	423.0	—
Proceeds from insurance settlements	**—**	—	14.9
Change in restricted cash	**87.0**	(183.6)	—
Other investing activities	**—**	(19.5)	(42.7)
Cash Used for Investing Activities	**(1,040.4)**	(919.8)	(1,483.1)
Financing Activities			
Long-term debt proceeds	**610.5**	580.1	855.9
Payments on long-term debt	**(82.9)**	(95.7)	(429.4)
Net (decrease) increase in commercial paper and short-term borrowings	**(122.7)**	(178.9)	178.5
Dividends paid to shareholders	**(373.3)**	(349.3)	(312.0)
Purchase of treasury stock	**—**	(793.4)	(575.2)
Proceeds from stock option exercises	**54.4**	87.4	202.8
Excess tax benefit from share-based compensation/other	**15.5**	51.3	64.5
Cash Provided by (Used for) Financing Activities	**101.5**	(698.5)	(14.9)
Effect of Exchange Rate Changes on Cash	**.7**	1.7	7.6
Increase in Cash and Cash Items	**384.7**	63.0	9.5
Cash and Cash Items—Beginning of Year	**103.5**	40.5	31.0
Cash and Cash Items—End of Year	**$ 488.2**	$ 103.5	$ 40.5

The accompanying notes are an integral part of these statements.

Table of Contents

Air Products and Chemicals, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Year ended 30 September (Millions of dollars, except for share data)		2009		2008		2007
Number of Common Shares Outstanding						
Balance, beginning of year		**209,334,627**		215,355,685		217,250,572
Purchase of treasury shares		**—**		(8,676,029)		(7,328,482)
Issuance of treasury shares for stock option and award plans		**1,925,637**		2,654,971		5,433,595
Balance, end of year		**211,260,264**		209,334,627		215,355,685
Common Stock						
Balance, beginning and end of year	**$**	**249.4**	$	249.4	$	249.4
Capital in Excess of Par Value						
Balance, beginning of year	**$**	**811.7**	$	759.5	$	682.5
Share-based compensation expense		**59.3**		62.5		66.6
Issuance of treasury shares for stock option and award plans		**(71.9)**		(74.2)		(70.3)
Tax benefit of stock option and award plans		**23.8**		63.9		80.7
Balance, end of year	**$**	**822.9**	$	811.7	$	759.5
Retained Earnings						
Balance, beginning of year	**$**	**6,990.2**	$	6,458.5	$	5,743.5
Defined benefit plans measurement date change		**(8.1)**		—		—
Initial recording of accounting for uncertain tax positions		**—**		(13.3)		—
Adjusted balance, beginning of year	**$**	**6,982.1**	$	6,445.2	$	5,743.5
Net income		**631.3**		909.7		1,035.6
Dividends on common stock (per share $1.79, $1.70, and $1.48)		**(376.3)**		(359.6)		(319.8)
Other		**(2.5)**		(5.1)		(.8)
Balance, end of year	**$**	**7,234.6**	$	6,990.2	$	6,458.5
Accumulated Other Comprehensive Income (Loss)						
Balance, beginning of year	**$**	**(549.3)**	$	(142.9)	$	(221.7)
Defined benefit plans measurement date change, net of tax of $14.0		**35.8**		—		—
Adjusted balance, beginning of year	**$**	**(513.5)**	$	(142.9)	$	(221.7)
Translation adjustments, net of tax (benefit) of $(35.2), $7.9, and $(45.8)		**(148.3)**		(186.3)		272.8
Net (loss) on derivatives, net of tax (benefit) of $(1.8), $(30.2), and $(3.3)		**(4.5)**		(74.4)		(7.7)
Unrealized holding gain (loss) on available-for-sale securities, net of tax (benefit) of $1.4, $(2.4), and $4.2		**2.4**		(4.5)		8.1
Pension and postretirement benefits, net of tax (benefit) of $(287.4) and $(92.0)		**(518.3)**		(185.5)		—
Minimum pension liability adjustment, net of tax of $83.4		**—**		—		159.3
Reclassification adjustments:						
Currency translation adjustment		**(3.2)**		(53.7)		—
Derivatives, net of tax (benefit) of $(.8), $19.2, and $7.0		**(.7)**		50.7		15.9
Realized holding gains, net of tax of $20.1		**—**		—		(36.6)
Pension and postretirement benefits, net of tax of $9.8 and $24.5		**24.3**		47.3		—
Other comprehensive income (loss)	**$**	**(648.3)**	$	(406.4)	$	411.8
Adjustment for initial recognition of funded status of benefit plans, net of tax (benefit) of $(169.6)		**—**		—		(333.0)
Balance, end of year	**$**	**(1,161.8)**	$	(549.3)	$	(142.9)
Treasury Stock						
Balance, beginning of year	**$**	**(2,471.3)**	$	(1,828.9)	$	(1,529.7)
Purchase of treasury shares		**—**		(787.4)		(567.3)
Issuance of treasury shares for stock option and award plans		**118.1**		145.0		268.1
Balance, end of year	**$**	**(2,353.2)**	$	(2,471.3)	$	(1,828.9)
Total Shareholders' Equity	**$**	**4,791.9**	$	5,030.7	$	5,495.6
Total Comprehensive Income (Loss)						
Net income	**$**	**631.3**	$	909.7	$	1,035.6
Other comprehensive income (loss)		**(648.3)**		(406.4)		411.8
Total Comprehensive Income (Loss)	**$**	**(17.0)**	$	503.3	$	1,447.4

The accompanying notes are an integral part of these statements.

Notes to the Consolidated Financial Statements
(Millions of dollars, except for share data)

1. Major Accounting Policies	47
2. New Accounting Guidance	52
3. Global Cost Reduction Plan	55
4. Discontinued Operations	56
5. Acquisitions	59
6. Inventories	59
7. Summarized Financial Information of Equity Affiliates	60
8. Plant and Equipment	60
9. Goodwill	61
10. Intangible Assets	61
11. Leases	62
12. Financial Instruments	63
13. Fair Value Measurements	66
14. Debt	67
15. Retirement Benefits	69
16. Commitments and Contingencies	74
17. Capital Stock	77
18. Share-Based Compensation	77
19. Earnings per Share	80
20. Income Taxes	80
21. Supplemental Information	83
22. Summary by Quarter (Unaudited)	86
23. Business Segment and Geographic Information	87

1. Major Accounting Policies

Consolidation Principles

The consolidated financial statements include the accounts of Air Products and Chemicals, Inc. and those of its controlled subsidiaries (the Company), which are generally majority owned. Intercompany transactions and balances are eliminated in consolidation.

The Company consolidates all entities that it controls. The general condition for control is ownership of a majority of the voting interests of an entity. Control may also exist in arrangements where the Company is the primary beneficiary of a variable interest entity. An entity that will absorb the majority of a variable interest entity’s expected losses or expected residual returns is considered a primary beneficiary of that entity. The Company has determined that it is not a primary beneficiary in any material variable interest entity.

Estimates and Assumptions

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles 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.

Revenue Recognition

Revenue from product sales is recognized as risk and title to the product transfers to the customer (which generally occurs at the time shipment is made), the sales price is fixed or determinable, and collectibility is reasonably assured. Sales returns and allowances are not a business practice in the industry.

Revenues from equipment sale contracts are recorded primarily using the percentage-of-completion method. Under this method, revenues from the sale of major equipment, such as liquefied natural gas (LNG) heat exchangers and large air separation units, are recognized primarily based on labor hours incurred to date compared with total estimated labor hours. Changes to total estimated labor hours and anticipated losses, if any, are recognized in the period determined.

Amounts billed for shipping and handling fees are classified as sales in the Consolidated Income Statements.

Amounts billed for sales and use taxes, value-added taxes, and certain excise and other specific transactional taxes imposed on revenue-producing transactions are presented on a net basis and excluded from sales in the Consolidated Income Statements. The Company records a liability until remitted to the respective taxing authority.

Certain contracts associated with facilities that are built to provide product to a specific customer are required to be accounted for as leases. In cases where operating lease treatment is necessary, there is no difference in revenue recognition over the life of the contract as compared to accounting for the contract as product sales. In cases where capital lease treatment is necessary, the timing of revenue and expense recognition is impacted. Revenue and expense are recognized up front for the sale of equipment component of the contract as compared to revenue recognition over the life of the arrangement under contracts not qualifying as capital leases. Additionally, a portion of the revenue representing interest income from the financing component of the lease receivable is reflected as sales over the life of the contract.

If an arrangement involves multiple deliverables, the delivered items are considered separate units of accounting if the items have value on a stand-alone basis and there is objective and reliable evidence of their fair values. Revenues from the arrangement are allocated to the separate units of accounting based on their relative fair values.

Cost of Sales

Cost of sales predominantly represents the cost of tangible products sold. These costs include labor, raw materials, plant engineering, power, depreciation, production supplies and materials packaging costs, and maintenance costs. Costs incurred for shipping and handling are also included in cost of sales.

Depreciation

Depreciation is recorded using the straight-line method, which deducts equal amounts of the cost of each asset from earnings every year over its expected economic useful life. The principal lives for major classes of plant and equipment are summarized in the table below:

	Principal Estimated Useful Lives
Buildings	30 years
Production facilities (A)	
Merchant Gases	15 years
Tonnage Gases	15 to 20 years
Electronics and Performance Materials	10 to 15 years
Distribution equipment (B)	5 to 25 years
Other machinery and equipment	10 to 25 years

(A) Depreciable lives of production facilities related to long-term customer supply contracts associated with the gases tonnage business are matched to the contract lives.

(B) The depreciable lives for various types of distribution equipment are 10 to 25 years for cylinders, depending on the nature and properties of the product; 20 years for tanks; 7.5 years for customer stations; 5 to 15 years for tractors and trailers.

Selling and Administrative

The principal components of selling and administrative expenses are salaries, advertising, and promotional costs.

Postemployment Benefits

The Company has substantive ongoing severance arrangements. Termination benefits provided to employees as part of the global cost reduction plan (discussed in Note 3) are consistent with termination benefits in previous, similar arrangements. Because the Company's plan met the definition of an ongoing benefit arrangement, a liability was recognized for termination benefits when probable and estimable. These criteria are met when management, with the appropriate level of authority, approves and commits to its plan of action for termination; the plan identifies the employees to be terminated and their related benefits; and the plan is to be completed within one year. During periods of operations where terminations are made on an as-needed basis, absent a detailed committed plan, terminations are accounted for on an individual basis and a liability is recognized when probable and estimable.

Financial Instruments

The Company addresses certain financial exposures through a controlled program of risk management that includes the use of derivative financial instruments. Refer to Note 12 for further detail on the types and use of derivative instruments that the Company enters into. The types of derivative financial instruments permitted for such risk management programs are specified in policies set by management.

Major financial institutions are counterparties to all of these derivative contracts. The Company has established counterparty credit guidelines and only enters into transactions with financial institutions of investment grade or better. Management believes the risk of incurring losses related to credit risk is remote, and any losses would be immaterial to the consolidated financial results, financial condition, or liquidity.

The Company recognizes these derivatives on the balance sheet at fair value. On the date the derivative instrument is entered into, the Company generally designates the derivative as either (1) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge), (2) a hedge of a net investment in a foreign operation (net investment hedge), or (3) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge).

The following details the accounting treatment of the Company's cash flow, fair value, net investment, and non-designated hedges:

- Changes in the fair value of a derivative that is designated as and meets all the required criteria for a cash flow hedge are recorded in Accumulated Other Comprehensive Income (AOCI) and then recognized in earnings when the hedged items affect earnings.
- Changes in the fair value of a derivative that is designated as and meets all the required criteria for a fair value hedge, along with the gain or loss on the hedged asset or liability that is attributable to the hedged risk, are recorded in current period earnings.
- Changes in the fair value of a derivative and foreign currency debt that are designated as and meet all the required criteria for a hedge of a net investment are recorded as translation adjustments in AOCI.
- Changes in the fair value of a derivative that is not designated as a hedge are recorded immediately in earnings.

The Company formally documents the relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes relating derivatives that are designated as fair value or cash flow hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions. The Company also formally assesses, at the inception of the hedge and on an ongoing basis, whether each derivative is highly effective in offsetting changes in fair values or cash flows of the hedged item. If it is determined that a derivative is not highly effective as a hedge, or if a derivative ceases to be a highly effective hedge, the Company will discontinue hedge accounting with respect to that derivative prospectively.

Foreign Currency

Since the Company does business in many foreign countries, fluctuations in currency exchange rates affect the Company's financial position and results of operations.

In most of the Company's foreign operations, local currency is considered the functional currency. Generally, foreign subsidiaries translate their assets and liabilities into U.S. dollars at current exchange rates—that is, the rates in effect at the end of the fiscal period. The gains or losses that result from this process are shown in AOCI in the shareholders' equity section of the balance sheet.

The revenue and expense accounts of foreign subsidiaries are translated into U.S. dollars at the average exchange rates that prevailed during the period. Therefore, the U.S. dollar value of these items on the income statement fluctuates from period to period, depending on the value of the dollar against foreign currencies. Some transactions are made in currencies different from an entity's functional currency. Gains and losses from these foreign currency transactions are generally included in earnings as they occur.

Environmental Expenditures

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. Remediation costs are capitalized if the costs improve the Company's property as compared with the condition of the property when originally constructed or acquired, or if the costs prevent environmental contamination from future operations. The Company expenses environmental costs related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible.

The measurement of environmental liabilities is based on an evaluation of currently available information with respect to each individual site and considers factors such as existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. An environmental liability related to cleanup of a contaminated site might include, for example, a provision for one or more of the following types of costs: site investigation and testing costs, cleanup costs, costs related to soil and water contamination resulting from tank ruptures, post-remediation monitoring costs, and outside legal fees. These liabilities include costs related to other potentially responsible parties to the extent that the Company has reason to believe such parties will not fully pay their proportionate share. They do not take into account any claims for recoveries from insurance or other parties and are not discounted.

As assessments and remediation progress at individual sites, the amount of projected cost is reviewed periodically, and the liability is adjusted to reflect additional technical and legal information that becomes available. Management has a well-established process in place to identify and monitor the Company's environmental exposures. An environmental accrual analysis is prepared and maintained that lists all environmental loss contingencies, even where an accrual has not been established. This analysis assists in monitoring the Company's overall environmental exposure and serves as a tool to facilitate ongoing communication among the Company's technical experts, environmental managers, environmental lawyers, and financial management to ensure that required accruals are recorded and potential exposures disclosed.

Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Refer to Note 16 for additional information on the Company's environmental loss contingencies.

The accruals for environmental liabilities are reflected in the Consolidated Balance Sheets, primarily as part of other noncurrent liabilities, and will be paid over a period of up to 30 years.

Litigation

In the normal course of business, the Company is involved in legal proceedings. The Company accrues a liability for such matters when it is probable that a liability has been incurred and the amount can be reasonably estimated. When only a range of possible loss can be established, the most probable amount in the range is accrued. If no amount within this range is a better estimate than any other amount within the range, the minimum amount in the range is accrued. The accrual for a litigation loss contingency includes estimates of potential damages and other directly related costs expected to be incurred.

Share-Based Compensation

The Company has various share-based compensation programs, which include stock options, deferred stock units, and restricted stock. Refer to Note 18. The Company expenses the grant-date fair value of these awards over the vesting period during which employees perform related services.

Income Taxes

The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are recognized for the tax effects of temporary differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates. A principal temporary difference results from the excess of tax depreciation over book depreciation because accelerated methods of depreciation and shorter useful lives are used for income tax purposes. The cumulative impact of a change in tax rates or regulations is included in income tax expense in the period that includes the enactment date.

Effective 1 October 2007, the Company adopted the guidance on the accounting for uncertainty in income taxes. Based on this guidance, a tax benefit for an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination based on its technical merits. This position is measured as the largest amount of tax benefit that is greater than 50% likely of being realized. Interest and penalties related to unrecognized tax benefits are recognized as a component of income tax expense.

Cash and Cash Items

Cash and cash items include cash, time deposits, and certificates of deposit acquired with an original maturity of three months or less.

Allowances for Doubtful Accounts

The allowances for doubtful accounts represent estimated uncollectible receivables associated with potential customer defaults on contractual obligations. A provision for customer defaults is made on a general formula basis when it is determined that the risk of some default is probable and estimable but cannot yet be associated with specific customers. The assessment of the likelihood of customer defaults is based on various factors, including the length of time the receivables are past due, historical experience, and existing economic conditions. The allowances also include amounts for certain customers where a risk of default has been specifically identified considering factors such as the financial condition of the customer and customer disputes over contractual terms and conditions. Provisions to the allowances for doubtful accounts charged against income were $37.8, $14.4, and $11.0 in 2009, 2008, and 2007, respectively.

Inventories

Inventories are stated at the lower of cost or market. The Company writes down its inventories for estimated obsolescence or unmarketable inventory based upon assumptions about future demand and market conditions.

The Company utilizes the last-in, first-out (LIFO) method for determining the cost of inventories in the Merchant Gases, Tonnage Gases, and Electronics and Performance Materials segments in the United States. Inventories for these segments outside of the United States are accounted for on the first-in, first-out (FIFO) method, as the LIFO method is not generally permitted in the foreign jurisdictions where these segments operate. The inventories of the Equipment and Energy segment on a worldwide basis, as well as all other inventories, are accounted for on the FIFO basis.

At the business segment level, inventories are recorded at FIFO and the LIFO pool adjustments are not allocated to the business segments.

Equity Investments

The equity method of accounting is used when the Company has a 20% or greater interest in other companies and exercises significant influence but does not have operating control. Under the equity method, original investments are recorded at cost and adjusted by the Company's share of undistributed earnings or losses of these companies. Equity investments are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable.

Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation. Construction costs, labor, and applicable overhead related to installations are capitalized. Expenditures for additions and improvements that extend the lives or increase the capacity of plant assets are capitalized. The costs of maintenance and repairs of plant and equipment are charged to expense as incurred.

Fully depreciated assets are retained in the gross plant and equipment and accumulated depreciation accounts until they are removed from service. In the case of disposals, assets and related depreciation are removed from the accounts, and the net amounts, less proceeds from disposal, are included in income.

Capitalized Interest

As the Company builds new plant and equipment, it includes in the cost of these assets a portion of the interest payments it makes during the year. The amount of capitalized interest was $21.9, $22.1, and $12.9 in 2009, 2008, and 2007, respectively.

Asset Retirement Obligations

The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred. The liability is measured at discounted fair value and is adjusted to its present value in subsequent periods as accretion expense is recorded. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the asset's useful life. The Company's asset retirement obligations are primarily associated with Tonnage Gases on-site long-term supply contracts, under which the Company has built a facility on land leased from the customer and is obligated to remove the facility at the end of the contract term. The Company's asset retirement obligations totaled $43.5 and $41.3 at 30 September 2009 and 2008, respectively.

Computer Software

The Company capitalizes costs incurred to purchase or develop software for internal use. Capitalized costs include purchased computer software packages, payments to vendors/consultants for development and implementation or modification to a purchased package to meet Company requirements, payroll and related costs for employees directly

involved in development, and interest incurred while software is being developed. Capitalized computer software costs are included in the balance sheet classification plant and equipment and depreciated over the estimated useful life of the software, generally a period of three to ten years. The Company's SAP system is being depreciated over a ten-year life.

Impairment of Long-Lived Assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company assesses recoverability by comparing the carrying amount of the asset to estimated undiscounted future cash flows expected to be generated by the asset. If an asset is considered impaired, the impairment loss to be recognized is measured as the amount by which the asset's carrying amount exceeds its fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Goodwill

Acquisitions are accounted for using the purchase method. The purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair market values. Any excess purchase price over the fair market value of the net assets acquired, including identified intangibles, is recorded as goodwill. Preliminary purchase price allocations are made at the date of acquisition and finalized when information needed to affirm underlying estimates is obtained, within a maximum allocation period of one year.

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.

Intangible Assets

Intangible assets with determinable lives primarily consist of customer relationships, purchased patents, and technology. The Company has no acquired intangible assets with indefinite lives. The cost of intangible assets with determinable lives is amortized on a straight-line basis over the estimated period of economic benefit. No residual value is estimated for these intangible assets.

Customer relationships are generally amortized over periods of five to twenty-five years. Purchased patents and technology and other intangibles are amortized based on contractual terms, ranging generally from five to twenty years. Amortizable lives are adjusted whenever there is a change in the estimated period of economic benefit.

Retirement Benefits

The cost of retiree benefits is recognized over the employees' service period. The Company is required to use actuarial methods and assumptions in the valuation of defined benefit obligations and the determination of expense. Differences between actual and expected results or changes in the value of obligations and plan assets are not recognized in earnings as they occur but, rather, systematically and gradually over subsequent periods. Refer to Note 15 for disclosures related to the Company's pension and other postretirement benefits.

2. New Accounting Guidance

New Accounting Guidance to Be Implemented

Consolidation of Variable Interest Entities

In June 2009, the Financial Accounting Standards Board (FASB) issued authoritative guidance that amends previous guidance for determining whether an entity is a variable interest entity (VIE). It requires an enterprise to perform an analysis to determine whether the Company's variable interests give it a controlling financial interest in a VIE. A company would be required to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed when determining whether it has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. In addition, ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE are required. This guidance is effective for the Company for fiscal year 2011. The Company is currently evaluating the impact of this guidance.

Business Combinations

In December 2007, the FASB issued authoritative guidance to affirm that the acquisition method of accounting (previously referred to as the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This guidance defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. Among other requirements, the guidance requires the acquiring entity in a business combination to

recognize at full fair value all the assets acquired and liabilities assumed in the transaction. If a business combination is achieved in stages, the previously-held ownership interest is adjusted to fair value at the acquisition date, and any resulting gain or loss is recognized in earnings. Contingent consideration is recognized at fair value at the acquisition date, and restructuring and acquisition-related costs are expensed as incurred. The fair value of assets and liabilities acquired, including uncertain tax positions, can be adjusted during the measurement period. Any adjustments after the measurement period, which cannot exceed one year, will be recognized in earnings. This guidance is effective for the Company in fiscal year 2010 and will be applied prospectively to any business combinations on or after 1 October 2009.

Noncontrolling Interests

In December 2007, the FASB issued authoritative guidance that establishes the accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. It requires entities to report noncontrolling interests in subsidiaries separately within equity in the consolidated financial statements. It also requires disclosure, on the face of the consolidated statement of income, of the amounts of consolidated net income attributable to the parent and noncontrolling interests. Changes in a parent's ownership interests while the parent retains control are treated as equity transactions. If a parent loses control of a subsidiary, any retained noncontrolling interest would be measured at fair value with any gain or loss recognized in earnings. This guidance is effective for the Company in fiscal year 2010 and will be applied prospectively, except for the presentation and disclosure requirements related to noncontrolling interests, which are applied retrospectively for all periods presented. The Company's financial statements issued after 1 October 2009 will reflect the new presentation.

Employers' Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB issued authoritative guidance to require employers to provide additional disclosures about plan assets of a defined benefit or other postretirement plan. Disclosures include information about investment policies and strategies, major categories of plan assets, the inputs and valuation techniques used to measure the fair value of plan assets, and significant concentrations of risk. This guidance is effective for the Company beginning with its fiscal year-end 2010. Upon initial application, this guidance is not required to be applied to earlier periods that are presented for comparative purposes. This guidance only requires additional disclosure and will not have an impact on the Company's consolidated financial statements upon adoption.

Accounting Guidance Implemented

The FASB Accounting Standards Codification

In June 2009, the FASB issued authoritative guidance that establishes the Accounting Standards Codification (Codification) as the source of authoritative U.S. generally accepted accounting principles (GAAP). The Codification is effective for financial statements issued for interim and annual periods ending after 15 September 2009. The Codification does not change current U.S. GAAP but reorganizes all authoritative literature in one place. On 1 July 2009, the Company adopted the Codification and changed the way it references U.S. GAAP. Accordingly, the Company's Notes to the Consolidated Financial Statements will explain accounting concepts rather than cite the topics of specific U.S. GAAP. There was no impact on the consolidated financial statements.

Disclosures about Subsequent Events

In May 2009, the FASB established the authoritative guidance on accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued. Entities are also required to disclose the date through which subsequent events have been evaluated. The Company adopted this guidance beginning in the third quarter of 2009. Adoption of this guidance did not have a material impact on the Company's consolidated financial statements. Refer to Note 21, Supplemental Information, for the required disclosure.

Disclosures about Derivative Instruments and Hedging Activities

In March 2008, the FASB issued authoritative guidance that expands the disclosure requirements for derivative instruments and hedging activities including: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for; and how they affect an entity's financial position, financial performance, and cash flows. This guidance, which became effective for the Company as of 1 January 2009, only requires additional disclosure and did not have an impact on the Company's consolidated financial statements upon adoption. Refer to Note 12, Financial Instruments, for the required disclosures.

Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued authoritative guidance that permits companies to elect to measure certain financial instruments at fair value on an instrument-by-instrument basis, with changes in fair value recognized in earnings each reporting period. It also establishes financial statement presentation and disclosure requirements for assets and liabilities reported at fair value under the election. The Company adopted this guidance as of 1 October 2008 and elected not to fair value any items under this guidance.

Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans

In September 2006, the FASB issued authoritative guidance surrounding employers' accounting for defined benefit pension and other postretirement plans. Among other requirements, the guidance requires recognition of the funded status of benefit plans in the balance sheet, with changes in the funded status recognized in comprehensive income within shareholders' equity in the year in which the changes occur and requires plan assets and obligations to be measured as of the balance sheet date. The requirement to recognize the funded status of benefit plans and the related disclosure requirements were effective for the Company as of 30 September 2007. The requirement to measure plan assets and benefit obligations as of fiscal year end is effective for fiscal years ending after 15 December 2008. Accordingly, as of 1 October 2008, the Company adopted the measurement date change for its U.K. and Belgium pension plans and changed the measurement date for these plans from 30 June to 30 September. As a result of this change, pension expense and actuarial gains/losses for the three-month period ended 30 September 2008 were recognized as adjustments to the beginning balances of retained earnings and AOCI, respectively. The after-tax charge to retained earnings was $8.1. AOCI was credited $35.8 for net actuarial gains on an after-tax basis. These adjustments only affected the balance sheet.

Fair Value Measurements

In September 2006, the FASB issued authoritative guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Effective 1 October 2008, the Company adopted this guidance for financial assets and liabilities and any other assets and liabilities that are recognized and disclosed at fair value on a recurring basis. The adoption of this guidance did not impact the Company's consolidated financial statements. Refer to Note 13, Fair Value Measurements, for the required disclosure.

The requirement for other nonfinancial assets and liabilities was effective on 1 October 2009 for the Company. The Company does not expect the adoption of this guidance to have a material impact on the consolidated financial statements.

Uncertainty in Income Taxes

In June 2006, the FASB issued authoritative guidance that clarifies the accounting for uncertainty in income taxes. The guidance prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This guidance also provides requirements for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

The Company adopted this guidance on 1 October 2007. Upon adoption, the Company recognized a $25.1 increase to its liability for uncertain tax positions. This increase was recorded as an adjustment to beginning retained earnings for $13.3 and goodwill for $11.8.

Table of Contents

3. Global Cost Reduction Plan

2009

The 2009 results from continuing operations included a total charge of $298.2 ($200.3 after-tax, or $.94 per share) for the global cost reduction plan. In the first quarter of 2009, the Company announced the global cost reduction plan designed to lower its cost structure and better align its businesses to reflect rapidly declining economic conditions around the world. The first-quarter results included a charge of $174.2 ($116.1 after-tax, or $.55 per share). In the third quarter 2009, due to the continuing slow economic recovery, the Company committed to additional actions associated with its global cost reduction plan that resulted in a charge of $124.0 ($84.2 after-tax, or $.39 per share).

The total 2009 charge included $210.0 for severance and other benefits, including pension-related costs, associated with the elimination of approximately 2,550 positions from the Company's global workforce. The reductions are targeted at reducing overhead and infrastructure costs, reducing and refocusing elements of the Company's technology and business development spending, lowering its plant operating costs, and the closure of certain manufacturing facilities. The remainder of this charge, $88.2, was for business exits and asset management actions. Assets held for sale were written down to net realizable value, and an environmental liability of $16.0 was recognized. This environmental liability resulted from a decision to sell a production facility.

The planned actions associated with the global cost reduction plan are expected to be substantially completed within one year of when the related charges were recognized.

Business Segments

The charge recorded in 2009 was excluded from segment operating profit. The table below displays how this charge related to the businesses at the segment level:

	Severance and Other Benefits	Asset Impairments/ Other Costs	Total
Merchant Gases	$127.5	$ 7.2	$134.7
Tonnage Gases	14.2	—	14.2
Electronics and Performance Materials	30.6	58.9	89.5
Equipment and Energy	37.7	22.1	59.8
2009 Charge	**$210.0**	**$88.2**	**$298.2**

Accrual Balance

The following table summarizes changes to the carrying amount of the accrual for the global cost reduction plan:

	Severance and Other Benefits	Asset Impairments/ Other Costs	Total
First quarter 2009 charge	$120.0	$ 54.2	$174.2
Third quarter 2009 charge	90.0	34.0	124.0
Environmental charge (A)	—	(16.0)	(16.0)
Noncash expenses	(33.8) (B)	(66.1)	(99.9)
Cash expenditures	(75.3)	(.9)	(76.2)
Currency translation adjustment	4.3	—	4.3
30 September 2009	**$105.2**	**$ 5.2**	**$110.4**

(A) Reflected in accrual for environmental obligations. See Note 16.

(B) Primarily pension-related costs which are reflected in the accrual for pension benefits.

2007

The 2007 results from continuing operations included a charge of $13.7 ($8.8 after-tax, or $.04 per share) for a global cost reduction plan. The charge included $6.5 for severance and pension-related costs for the elimination of approximately 125 positions and $7.2 for the write-down of certain investments. Approximately one-half of the position eliminations related to continuation of European initiatives to streamline certain activities. The remaining position eliminations related to the continued cost reduction and productivity efforts of the Company. As of 30 September 2008, the actions associated with the 2007 charge were complete.

Business Segments

The charge recorded in 2007 was excluded from segment operating profit. The table below displays how this charge related to the businesses at the segment level:

	Severance and Other Benefits	Asset Impairments	Total
Merchant Gases	$3.6	$ .4	$ 4.0
Tonnage Gases	.4	—	.4
Electronics and Performance Materials	2.3	3.8	6.1
Equipment and Energy	.2	.3	.5
Other	—	2.7	2.7
2007 Charge	$6.5	$7.2	$13.7

4. Discontinued Operations

The U.S. Healthcare business, Polymer Emulsions business, and High Purity Process Chemicals (HPPC) business have been accounted for as discontinued operations. The results of operations of these businesses have been removed from the results of continuing operations for all periods presented. The assets and liabilities of discontinued operations have been reclassified and are segregated in the Consolidated Balance Sheets.

U.S. Healthcare

In 2007, the Company implemented several changes to improve performance in its U.S. Healthcare business, including management changes, product and service offering simplification, and other measures. However, market and competitive conditions were more challenging than anticipated and financial results did not meet expectations. In response to the disappointing financial results, during the third quarter of 2008, management conducted an evaluation of the strategic alternatives for the business. In July 2008, the Board of Directors authorized management to pursue the sale of this business. Accordingly, beginning in the fourth quarter of 2008, the U.S. Healthcare business was accounted for as discontinued operations.

In 2008, the Company recorded a total charge of $329.2 ($246.2 after-tax, or $1.12 per share) related to the impairment/write-down of the net carrying value of this business as follows:

- In the third quarter of 2008, the Company determined that an interim test for goodwill impairment and other long-lived assets was required for its U.S. Healthcare reporting unit. The Company reforecast its cash flows and utilized the expected present value of the future cash flows to calculate fair value of the U.S. Healthcare reporting unit in completing its impairment test. A charge of $314.8 ($237.0 after-tax, or $1.09 per share) consisted of the impairment of goodwill for $294.3, intangible assets for $11.7, plant and equipment for $7.8, and other assets for $1.0. The impairment reduced the carrying amount of the U.S. Healthcare reporting unit goodwill and intangible assets to zero.
- In the fourth quarter of 2008, the Company recorded a charge of $14.4 ($9.2 after-tax, or $.04 per share), reflecting an estimate of net realizable value.

In the first quarter of 2009, based on additional facts, the Company recorded an impairment charge of $48.7 ($30.9 after-tax, or $.15 per share), reflecting a revision in the estimated net realizable value of the U.S. Healthcare business. Also, a tax benefit of $8.8, or $.04 per share, was recorded to revise the estimated tax benefit related to previously recognized impairment charges.

As a result of events that occurred during the second quarter of 2009, which increased the Company's ability to realize tax benefits associated with the impairment charges recorded in 2008, the Company recognized a one-time tax benefit of $16.7, or $.08 per share.

During the third quarter of 2009, the Company sold more than half of its remaining U.S. Healthcare business to OptionCare Enterprises, Inc., a subsidiary of Walgreen Co., and Landauer-Metropolitan, Inc. (LMI) for combined cash proceeds of $38.1. The Company recognized an after-tax gain of $.3 resulting from these sales combined with adjustments to the net realizable value of the remaining businesses.

During the fourth quarter of 2009, through a series of transactions with Rotech Healthcare, Inc. and with LMI, the Company sold its remaining U.S. Healthcare business for cash proceeds of $12.1. A net after-tax loss of $.7 was recognized. These transactions completed the disposal of the U.S. Healthcare business.

The operating results of the U.S. Healthcare business classified as discontinued operations are summarized below:

	2009	2008	2007
Sales	**$ 125.2**	$ 239.8	$ 271.1
Loss before taxes	**$ (5.5)**	$ (350.6)	$ (24.4)
Income tax benefit	**(2.1)**	(91.2)	(9.2)
Loss from operations of discontinued operations	**(3.4)**	(259.4)	(15.2)
Loss on sale of businesses and impairment/write-down to estimated net realizable value, net of tax	**(5.5)**	(8.7)	—
Loss from Discontinued Operations, net of tax	**$ (8.9)**	$ (268.1)	$ (15.2)

Details of balance sheet items for the U.S. Healthcare business are summarized below:

30 September	2009	2008
Trade receivables, less allowances	**$ .5**	$ 47.7
Inventories	**—**	7.2
Prepaid expenses	**—**	1.4
Other receivables	**4.5**	.2
Total Current Assets	**$ 5.0**	$ 56.5
Plant and equipment, net	**—**	$ 58.7
Total Noncurrent Assets	**$ —**	$ 58.7
Payables and accrued liabilities	**$ 14.4**	$ 6.8
Current portion long-term debt	**—**	1.0
Total Current Liabilities	**$ 14.4**	$ 7.8
Long-term debt	**$ —**	$ 1.2
Total Noncurrent Liabilities	**$ —**	$ 1.2

Polymer Emulsions Business

On 31 January 2008, the Company closed on the sale of its interest in its vinyl acetate ethylene (VAE) polymers joint ventures to Wacker Chemie AG, its long-time joint venture partner. As part of that agreement, the Company received Wacker Chemie AG's interest in the Elkton, Md. and Piedmont, S.C. production facilities and their related businesses plus cash proceeds of $258.2. The Company recognized a gain of $89.5 ($57.7 after-tax, or $.26 per share) in the second quarter of 2008 for this sale, which consisted 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.

On 30 June 2008, the Company sold its Elkton, Md. and Piedmont, S.C. production facilities and the related North American atmospheric emulsions and global pressure sensitive adhesives businesses to Ashland, Inc. for $92.0. The Company recorded a gain of $30.5 ($18.5 after-tax, or $.08 per share) in connection with the sale, which included the recording of a retained environmental obligation associated with the Piedmont site. The expense to record the environmental obligation was $24.0 ($14.5 after-tax, or $.07 per share). The Piedmont site is under active remediation for contamination caused by an insolvent prior owner. Before the sale, which triggered expense recognition, remediation costs had been capitalized since they improved the property as compared to its condition when originally acquired. The sale of the Elkton and Piedmont facilities completed the disposal of the Company's Polymer Emulsions business.

The operating results of the Polymer Emulsions business classified as discontinued operations are summarized below:

	2009	2008	2007
Sales	$ —	$ 261.4	$ 618.6
Income before taxes	$ —	$ 17.7	$ 61.4
Income tax provision	—	6.4	23.1
Income from operations of discontinued operations	—	11.3	38.3
Gain on sale of business, net of tax	.3	76.2	—
Income from Discontinued Operations, net of tax	$ .3	$ 87.5	$ 38.3

There were no assets and liabilities classified as discontinued operations for the Polymer Emulsions business at 30 September 2009 and 2008.

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.

The operating results of the HPPC business classified as discontinued operations are summarized below:

	2009	2008	2007
Sales	$ —	$ 22.9	$ 87.2
Income before taxes	$ —	$ .1	$ 3.7
Income tax provision	—	—	1.5
Income from operations of discontinued operations	—	.1	2.2
Loss on sale of business, net of tax	—	(.3)	(9.3)
Loss from Discontinued Operations, net of tax	$ —	$ (.2)	$ (7.1)

There were no assets and liabilities classified as discontinued operations for the HPPC business at 30 September 2009. Assets and liabilities were not material at 30 September 2008.

Total Discontinued Operations

The operating results on a combined basis of the U.S. Healthcare, Polymers Emulsions, and HPPC businesses classified as discontinued operations are summarized below:

	2009	2008	2007
Sales	$ 125.2	$ 524.1	$ 976.9
Income (loss) before taxes	$ (5.5)	$ (332.8)	$ 40.7
Income tax (benefit) provision	(2.1)	(84.8)	15.4
Income (loss) from operations of discontinued operations	(3.4)	(248.0)	25.3
Gain (loss) on sale of businesses and impairment/write-down to estimated net realizable value, net of tax	(5.2)	67.2	(9.3)
Income (Loss) from Discontinued Operations, net of tax	$ (8.6)	$ (180.8)	$ 16.0

5. Acquisitions

Acquisitions in 2009, totaling $32.7, included principally the acquisition of S.I.Q. — Beteiligungs GmbH, a manufacturer of epoxy additives. In 2008, acquisitions totaled $72.0 and included the purchase of an additional interest in CryoService Limited, a cryogenic and specialty gases company in the U.K. See Note 16 for a discussion on a related put option agreement. Acquisitions in 2007, totaling $539.1, included principally BOC Gazy Sp z o.o. (BOC Gazy) as discussed below.

BOC Gazy in 2007

On 30 April 2007, a Spanish affiliate of the Company acquired 98.1% of the Polish industrial gas business of BOC Gazy from The Linde Group. During the fourth quarter of 2007, this affiliate increased its ownership percentage to 99.9%. The total acquisition cost, less cash acquired, was €380 million or $518.4. The results of operations for BOC Gazy were included in the Company's Consolidated Income Statement after the acquisition date. BOC Gazy had sales of $82.5 for the five months ended 30 September 2007. The purchase price allocation, including the recognition of deferred taxes, was completed in 2008 with assigned values for plant and equipment equal to $170.0, identified intangibles of $176.9, and goodwill of $190.7 (which is tax-deductible for Spanish tax reporting purposes).

With this acquisition, the Company obtained a significant market position in Central Europe's industrial gases market. The business had approximately 750 employees, five major industrial gas plants, and six cylinder transfills serving customers across a diverse range of industries, including chemicals, steel, and base metals, among others.

6. Inventories

The components of inventories are as follows:

30 September	**2009**	2008
Inventories at FIFO cost		
Finished goods	**$ 405.5**	$ 365.1
Work in process	**20.9**	22.4
Raw materials and supplies	**151.1**	183.5
	577.5	571.0
Less: Excess of FIFO cost over LIFO cost	**(67.9)**	(67.3)
	$ 509.6	$ 503.7

Inventories valued using the LIFO method comprised 40.5% and 35.8% of consolidated inventories before LIFO adjustment at 30 September 2009 and 2008, respectively. During fiscal year 2009, there was no liquidation of prior years' LIFO inventory layers. Liquidation of LIFO inventory layers in 2008 and 2007 did not materially affect results of operations in either of these years.

FIFO cost approximates replacement cost. The Company's inventories have a high turnover, and as a result, there is little difference between the original cost of an item and its current replacement cost.

7. Summarized Financial Information of Equity Affiliates

The following table presents summarized financial information on a combined 100% basis of the principal companies accounted for by the equity method. Amounts presented include the accounts of the following equity affiliates:

Air Products South Africa (50%);
Bangkok Cogeneration Company Limited (49%);
Bangkok Industrial Gases Company Ltd. (49%);
Chengdu Air & Gas Products Ltd. (50%);
Daido Air Products Electronics, Inc. (20%);
DuPont Air Products Nanomaterials, LLC (50%);
Europoort Utility Partners V.O.F. (50%);
Helap S.A. (50%);
High-Tech Gases (Beijing) Co., Ltd. (50%);
INFRA Group (40%);
INOX Air Products Limited (INOX) (49%);
Kulim Industrial Gases Sdn. Bhd (50%);
Sapio Produzione Idrogeno Ossigeno S.r.l. (49%);
SembCorp Air Products (HyCO) Pte. Ltd. (40%);
Tecnologia en Nitrogeno S. de R.L. de C.V. (50%);
Tyczka Industrie-Gases GmbH (50%);
WuXi Hi-Tech Gas Co., Ltd. (50%);
and principally, other industrial gas producers.

	2009	2008
Current assets	**$1,185.2**	$1,133.6
Noncurrent assets	**1,916.9**	1,877.9
Current liabilities	**714.5**	598.3
Noncurrent liabilities	**677.3**	694.3
Net sales	**2,129.7**	2,316.1
Sales less cost of sales	**874.4**	962.9
Net income	**257.7**	315.9

Dividends received from equity affiliates were $52.9, $65.3, and $54.8 in 2009, 2008, and 2007, respectively.

The investment in net assets of and advances to equity affiliates as of 30 September 2009 and 2008 included investment in foreign affiliates of $834.7 and $785.8, respectively.

As of 30 September 2009 and 2008, the amount of investment in companies accounted for by the equity method included goodwill in the amount of $56.1 and $63.4, respectively.

8. Plant and Equipment

The major classes of plant and equipment, at cost, are as follows:

30 September	**2009**	2008
Land	**$ 169.4**	$ 170.0
Buildings	**875.5**	873.4
Production facilities		
Merchant Gases	**3,071.0**	2,994.1
Tonnage Gases	**5,441.7**	5,192.5
Electronics and Performance Materials	**1,907.6**	2,005.2
Equipment and Energy	**286.8**	237.8
Total production facilities	**10,707.1**	10,429.6
Distribution equipment	**2,802.5**	2,622.4
Other machinery and equipment	**273.1**	283.9
Construction in progress	**923.7**	609.3
	$15,751.3	$14,988.6

Depreciation expense was $815.9, $848.0, and $770.1, in 2009, 2008, and 2007, respectively.

9. Goodwill

Changes to the carrying amount of consolidated goodwill by segment are as follows:

30 September	2008	Acquisitions and Adjustments	Currency Translation and Other	2009
Merchant Gases	$ 626.5	$ 1.9	$ (27.1)	**$ 601.3**
Tonnage Gases	18.0	—	(1.7)	**16.3**
Electronics and Performance Materials	283.6	10.0	4.8	**298.4**
	$ 928.1	$ 11.9	$ (24.0)	**$ 916.0**

30 September	2007	Acquisitions and Adjustments	Currency Translation and Other	2008
Merchant Gases	$ 577.6	$ 45.0	$ 3.9	$ 626.5
Tonnage Gases	21.1	—	(3.1)	18.0
Electronics and Performance Materials	308.1	.5	(25.0)	283.6
	$ 906.8	$ 45.5	$ (24.2)	$ 928.1

The 2008 increase in goodwill in the Merchant Gases segment was related to the adoption of the guidance on accounting for uncertain tax positions and the acquisition of CryoService Limited.

In the fourth quarter of 2009, the Company conducted the required annual test of goodwill for impairment. There were no indications of impairment.

10. Intangible Assets

The table below provides details of acquired intangible assets at 30 September 2009 and 2008:

	30 September 2009			30 September 2008		
	Gross	**Accumulated Amortization**	**Net**	Gross	Accumulated Amortization	Net
Customer relationships	**$ 250.0**	**$ (51.4)**	**$ 198.6**	$ 258.5	$ (39.6)	$ 218.9
Patents and technology	**107.3**	**(69.0)**	**38.3**	106.9	(69.1)	37.8
Other	**49.5**	**(23.8)**	**25.7**	48.0	(15.1)	32.9
	$ 406.8	**$ (144.2)**	**$ 262.6**	$ 413.4	$ (123.8)	$ 289.6

Amortization expense for intangible assets was $24.4, $21.0, and $19.7 in 2009, 2008, and 2007, respectively.

Projected annual amortization expense for intangible assets as of 30 September 2009 is as follows:

2010	$ 27.8
2011	23.1
2012	20.7
2013	20.2
2014	19.5
Thereafter	151.3
	$262.6

11. Leases

Lessee Accounting

Capital leases, primarily for the right to use machinery and equipment, are included with owned plant and equipment on the balance sheet in the amount of $27.3 and $29.2 at 30 September 2009 and 2008, respectively. Related amounts of accumulated depreciation are $17.5 and $17.1, respectively.

Operating leases principally relate to real estate and also include aircraft, distribution equipment, and vehicles. Certain leases include escalation clauses, renewal, and/or purchase options. Rent expense is recognized on a straight-line basis over the minimum lease term. Rent expense under operating leases, including month-to-month agreements, was $89.9 in 2009, $97.2 in 2008, and $110.2 in 2007.

At 30 September 2009, minimum payments due under leases are as follows:

	Capital Leases	Operating Leases
2010	$ 3.2	$ 58.4
2011	1.7	44.8
2012	1.0	32.3
2013	1.0	25.5
2014	.9	21.6
Thereafter	3.1	44.0
	$ 10.9	$ 226.6

The present value of the above future capital lease payments is included in the liability section of the balance sheet. At 30 September 2009, $2.7 was classified as current and $6.2 as long-term.

Lessor Accounting

As discussed under Revenue Recognition in Note 1, certain contracts associated with facilities that are built to provide product to a specific customer are required to be accounted for as leases. Lease receivables, net, were included principally in noncurrent capital lease receivables on the Company’s Consolidated Balance Sheets. The components of lease receivables were as follows:

30 September	**2009**	2008
Gross minimum lease payments receivable	**$1,068.9**	$ 753.4
Unearned interest income	**(349.3)**	(222.9)
Net Lease Receivable	**$ 719.6**	$ 530.5

Lease payments collected in 2009, 2008, and 2007 were $53.6, $33.7, and $25.6, respectively.

At 30 September 2009, minimum lease payments to be collected are as follows:

2010	$ 74.2
2011	84.0
2012	84.0
2013	81.7
2014	80.2
Thereafter	664.8
	$1,068.9

12. Financial Instruments

Currency Price Risk Management

The Company's earnings, cash flows, and financial position are exposed to foreign currency risk from foreign currency denominated transactions and net investments in foreign operations. It is the policy of the Company to minimize its cash flow volatility to changes in currency exchange rates. This is accomplished by identifying and evaluating the risk that the Company's cash flows will change in value due to changes in exchange rates and by determining the appropriate strategies necessary to manage such exposures. The Company's objective is to maintain economically balanced currency risk management strategies that provide adequate downside protection.

Forward Exchange Contracts

The Company enters into forward exchange contracts to reduce the cash flow exposure to foreign currency fluctuations associated with highly anticipated cash flows and certain firm commitments such as the purchase of plant and equipment. Forward exchange contracts are also used to hedge the value of investments in certain foreign subsidiaries and affiliates by creating a liability in a currency in which the Company has a net equity position.

In addition to the foreign exchange contracts that are designated as hedges, the Company also hedges foreign currency exposures utilizing forward exchange contracts that are not designated as hedges. These contracts are used to hedge foreign currency-denominated monetary assets and liabilities, primarily working capital. The primary objective of these forward contracts is to protect the value of foreign currency-denominated monetary assets and liabilities from the effects of volatility in foreign exchange rates that might occur prior to their receipt or settlement.

Option Contracts

In certain limited situations, the Company enters into option contracts to manage cash flow exposures to foreign currency fluctuations. Similar to forward contracts, these instruments are evaluated for hedge accounting treatment and are recognized on the balance sheet at fair value.

The table below summarizes the Company's outstanding currency price risk management instruments:

	2009		2008	
30 September	**US$ Notional**	**Years Average Maturity**	US$ Notional	Years Average Maturity
Forward exchange contracts:				
Cash flow hedges	**$1,799.3**	**.8**	$1,839.9	.5
Net investment hedges	**873.6**	**3.5**	749.5	4.0
Fair value hedges	**2.7**	**.4**	10.3	.3
Hedges not designated	**330.3**	**.6**	267.4	.1
Total Forward Exchange Contracts	**$3,005.9**	**1.6**	$2,867.1	1.3
Options:				
Cash flow hedges	**$ —**	**—**	$ 26.0	.3
Total Options	**$ —**	**—**	$ 26.0	.3

In addition to the above, the Company uses foreign currency denominated debt and qualifying intercompany loans to hedge the foreign currency exposures of the Company's net investment in certain foreign affiliates. The designated foreign currency denominated debt includes €1,013.0 at 30 September 2009 and €1,450.0 at 30 September 2008. The designated intercompany loans include €437.0 at 30 September 2009. There were no designated intercompany loans as of 30 September 2008.

Debt Portfolio Management

It is the policy of the Company to identify on a continuing basis the need for debt capital and evaluate the financial risks inherent in funding the Company with debt capital. Reflecting the result of this ongoing review, the debt portfolio and hedging program of the Company are managed with the objectives and intent to (1) reduce funding risk with respect to borrowings made by the Company to preserve the Company's access to debt capital and provide debt capital as required for funding and liquidity purposes, and (2) manage the aggregate interest rate risk and the debt portfolio in accordance with certain debt management parameters.

Interest Rate Swap Contracts

The Company enters into interest rate swap contracts to change the fixed/variable interest rate mix of its debt portfolio in order to maintain the percentage of fixed- and variable-rate debt within the parameters set by management. In accordance with these parameters, the agreements are used to optimize interest rate risks and costs inherent in the Company's debt portfolio. In addition, the Company also uses interest rate swap agreements to hedge the interest rate on anticipated fixed-rate debt issuance. The notional amount of the interest rate swap agreements are equal to or less than the designated debt instrument being hedged. When variable-rate debt is hedged, the variable-rate indices of the swap instruments and the debt to which they are designated are the same. It is the Company's policy not to enter into any interest rate swap contracts which lever a move in interest rates on a greater than one-to-one basis.

Cross Currency Interest Rate Swap Contracts

The Company also enters into cross currency interest rate swap contracts. These contracts may entail both the exchange of fixed- and floating-rate interest payments periodically over the life of the agreement and the exchange of one currency for another currency at inception and at a specified future date. These contracts effectively convert the currency denomination of a debt instrument into another currency in which the Company has a net equity position while changing the interest rate characteristics of the instrument. The contracts are used to hedge intercompany and third-party borrowing transactions and certain net investments in foreign operations.

The following table summarizes the Company's outstanding interest rate swaps and cross currency interest rate swaps:

	2009			2008		
30 September	**US$ Notional**	**Pay %**	**Average Receive %**	US$ Notional	Pay %	Average Receive %
Interest rate swaps (fair value hedge)	**$ 327.2**	**6 month LIBOR**	**4.47%**	$ 321.9	6 month LIBOR	4.49%
Cross currency interest rate swaps (net investment hedge)	**$ 32.2**	**5.54%**	**5.48%**	$ 40.3	5.55%	3.89%

Commodity Price Risk Management

The Company has entered into a limited number of commodity swap contracts in order to reduce the cash flow exposure to changes in the price of natural gas relative to certain oil-based feedstocks. The Company has also entered into forward contracts, hedging the cash flow exposure of changes in the market price of certain metals which are raw materials used in the fabrication of certain industrial gas equipment, with the overall intent of locking in or minimizing its price exposure to these base metals. As of 30 September 2009, there were no outstanding contracts hedging the changes in the market price of metals.

The table below summarizes the Company's outstanding commodity contracts:

	2009		2008	
30 September	**US$ Notional**	**Years Average Maturity**	US$ Notional	Years Average Maturity
Energy	**$ 18.5**	**.2**	$ 72.6	.8
Metals	**—**	**—**	4.2	.2
Total Commodity Contracts	**$ 18.5**	**.2**	$ 76.8	.8

The table below summarizes the fair value and balance sheet location of the Company's outstanding derivatives:

30 September	Balance Sheet Location	2009 Fair Value	2008 Fair Value	Balance Sheet Location	2009 Fair Value	2008 Fair Value
Derivatives Designated as Hedging Instruments:						
Foreign exchange contracts	Other receivables	**$ 48.8**	$ 34.1	Accrued liabilities	**$ 55.1**	$ 78.5
Interest rate swap contracts	Other receivables	**—**	1.2	Accrued liabilities	**.4**	—
Commodity swap contracts	Other receivables	**4.3**	5.9	Accrued liabilities	**2.4**	2.5
Foreign exchange contracts	Other noncurrent assets	**10.0**	19.6	Other noncurrent liabilities	**45.4**	29.8
Interest rate swap contracts	Other noncurrent assets	**15.1**	4.4	Other noncurrent liabilities	**3.0**	3.5
Commodity swap contracts	Other noncurrent assets	**—**	1.8	Other noncurrent liabilities	**—**	.4
Total Derivatives Designated as Hedging Instruments		**$ 78.2**	$ 67.0		**$ 106.3**	$ 114.7
Derivatives Not Designated as Hedging Instruments:						
Foreign exchange contracts	Other receivables	**$ 1.0**	$ 1.2	Accrued liabilities	**$ 3.4**	$ .9
Total Derivatives		**$ 79.2**	$ 68.2		**$ 109.7**	$ 115.6

Refer to Note 13, Fair Value Measurements, which defines fair value, describes the method for measuring fair value, provides additional disclosures regarding fair value measurements, and discusses the Company's counterparty risk.

The table below summarizes the gain or loss related to the Company's cash flow, net investment, and non-designated hedges. The amounts of gain or loss associated with the outstanding fair value hedges are not material.

	Year Ended 30 September							
	Forward Exchange Contract		Foreign Currency Debt		Other [(A)]		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
Cash Flow Hedges:								
Net (gain) loss recognized in OCI (effective portion)	**$ 7.2**	$ 74.0	**$ —**	$ —	**$(2.7)**	$ .4	**$ 4.5**	$ 74.4
Net gain (loss) reclassified from OCI to sales/cost of sales (effective portion)	**(4.1)**	4.6	**—**	—	**5.3**	(1.1)	**1.2**	3.5
Net gain (loss) reclassified from OCI to other (income) expense (effective portion)	**(1.0)**	(53.5)	**—**	—	**—**	—	**(1.0)**	(53.5)
Net gain (loss) reclassified from OCI to other (income) expense (ineffective portion)	**.5**	(.7)	**—**	—	**—**	—	**.5**	(.7)
Net Investment Hedges:								
Net (gain) loss recognized in OCI	**$27.1**	$(15.4)	**$31.3**	$(5.1)	**$(2.4)**	$(3.5)	**$56.0**	$(24.0)
Derivatives Not Designated as Hedging Instruments:								
Net loss recognized in other (income) expense [(B)]	**$14.5**	$ 19.0	**$ —**	$ —	**$ —**	$ —	**$14.5**	$ 19.0

(A) Other includes the impact on Other Comprehensive Income (OCI) and earnings related to commodity swap contracts, interest rate swaps, and currency option contracts.

(B) The impact of the non-designated hedges noted above was largely offset by gains and losses, respectively, resulting from the impact of changes in exchange rates on recognized assets and liabilities denominated in nonfunctional currencies.

Credit Risk-Related Contingent Features

Certain derivative instruments are executed under agreements that require the Company to maintain a credit rating of at least A- from Standard & Poor's and A3 from Moody's. If the Company's credit rating falls below these levels, the counterparty to the derivative instruments has the right to request full collateralization on the derivatives' net liability position. The net liability position of derivatives with credit risk-related contingent features was $35.0 and $21.5 as of

30 September 2009 and 2008, respectively. Because of the Company's current credit rating of A from Standard & Poor's and A2 from Moody's, no collateral has been posted on these liability positions.

Counterparty Credit Risk Management

The Company executes all derivative transactions with counterparties that are highly rated financial institutions and all of which are investment grade at this time. Some of the Company's underlying derivative agreements give the Company the right to require the institution to post collateral if its credit rating falls below A- from Standard & Poor's or A3 from Moody's. These are the same agreements referenced in Credit Risk-Related Contingent Features above. The collateral that the counterparties would be required to post is $14.7 as of 30 September 2009 and $14.1 as of 30 September 2008. No financial institution is required to post collateral at this time, as all have credit ratings at or above the threshold.

13. Fair Value Measurements

Fair value is defined as an exit price (i.e., the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date). The methods and assumptions used to measure the fair value of financial instruments are as follows:

Derivatives

The fair value of the Company's interest rate swap agreements and foreign exchange contracts are based on estimates using standard pricing models that take into account the present value of future cash flows as of the balance sheet date. The computation of the fair values of these instruments is generally performed by the Company. These standard pricing models utilize inputs which are derived from or corroborated by observable market data such as interest rate yield curves and currency spot and forward rates. In addition, on an ongoing basis, the Company randomly tests a subset of its valuations against valuations received from the counterparty to the transaction to validate the accuracy of its standard pricing models. The fair value of commodity swaps is based on current market price as provided by the financial institutions with which the commodity swaps have been executed. Counterparties to these derivative contracts are highly rated financial institutions.

Other Investments

The fair value of other investments is based on quoted market prices in publicly traded companies from the New York and Tokyo Stock Exchanges. Other investments are reported within other noncurrent assets on the balance sheet.

Long-term Debt

The fair value of the Company's debt is based on estimates using standard pricing models that take into account the present value of future cash flows as of the balance sheet date, and these standard valuation models utilize observable market data such as interest rate yield curves and currency spot rates. The computation of the fair value of these instruments is generally performed by the Company.

The carrying values and fair values of financial instruments were as follows:

30 September	2009		2008	
	Carrying Value	**Fair Value**	Carrying Value	Fair Value
Assets				
Derivatives				
Foreign exchange contracts	**$ 59.8**	**$ 59.8**	$ 54.9	$ 54.9
Interest rate swap contracts	**15.1**	**15.1**	5.6	5.6
Commodity swap contracts	**4.3**	**4.3**	7.7	7.7
Other investments	**19.4**	**19.4**	15.6	15.6
Liabilities				
Derivatives				
Foreign exchange contracts	**$ 103.9**	**$ 103.9**	$ 109.2	$ 109.2
Interest rate swap contracts	**3.4**	**3.4**	3.5	3.5
Commodity swap contracts	**2.4**	**2.4**	2.9	2.9
Long-term debt, including current portion	**4,167.7**	**4,479.5**	3,547.5	3,581.5

The carrying amounts reported in the balance sheet for cash and cash items, trade receivables, payables and accrued liabilities, accrued income taxes, and short-term borrowings approximate fair value due to the short-term nature of these instruments. Accordingly, these items have been excluded from the above table.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2—Inputs that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the asset or liability.

Level 3—Inputs that are unobservable for the asset or liability based on the Company's own assumptions (about the assumptions market participants would use in pricing the asset or liability).

The following table summarizes assets and liabilities measured at fair value on a recurring basis in the Consolidated Balance Sheets:

30 September 2009	Total	Level 1	Level 2	Level 3
Assets at Fair Value				
Derivatives				
Foreign exchange contracts	**$ 59.8**	**$ —**	**$ 59.8**	**$ —**
Interest rate swap contracts	**15.1**	**—**	**15.1**	**—**
Commodity swap contracts	**4.3**	**—**	**4.3**	**—**
Other investments	**19.4**	**19.4**	**—**	**—**
Total Assets at Fair Value	**$ 98.6**	**$ 19.4**	**$ 79.2**	**$ —**
Liabilities at Fair Value				
Derivatives				
Foreign exchange contracts	**$ 103.9**	**$ —**	**$ 103.9**	**$ —**
Interest rate swap contracts	**3.4**	**—**	**3.4**	**—**
Commodity swap contracts	**2.4**	**—**	**2.4**	**—**
Total Liabilities at Fair Value	**$ 109.7**	**$ —**	**$ 109.7**	**$ —**

14. Debt

The tables below summarize the Company's outstanding debt at 30 September 2009 and 2008:

Total Debt

30 September	2009	2008
Short-term borrowings	**$ 333.8**	$ 419.3
Current portion of long-term debt	**452.1**	32.1
Long-term debt	**3,715.6**	3,515.4
Total Debt	**$4,501.5**	$3,966.8

Short-term Borrowings

30 September	2009	2008
Bank obligations	**$ 333.8**	$ 322.1
Commercial paper	**—**	97.2
Total Short-term Borrowings	**$ 333.8**	$ 419.3

The weighted average interest rate of short-term borrowings outstanding at 30 September 2009 and 2008 was 3.9% and 4.7%, respectively.

Table of Contents

Long-term Debt

30 September	Maturities	2009	2008
Payable in U.S. Dollars:			
Debentures:			
8.75%	2021	**$ 18.4**	$ 18.4
Medium-term Notes:			
Weighted average rate			
Series D 6.8%	2011 to 2016	**63.1**	63.1
Series E 7.6%	2026	**17.2**	17.2
Series F 6.2%	2010	**50.0**	50.0
Series G 4.1%	2011	**125.0**	125.0
Senior Notes:			
Note 4.15%	2013	**300.0**	300.0
Note 4.375%	2019	**400.0**	—
Other:			
Weighted average rate			
Variable-rate industrial revenue bonds 0.3%	2016 to 2049	**902.1**	743.3
Other 1.6%	2010 to 2015	**70.7**	65.7
Less: Unamortized discount		**(12.7)**	(16.0)
Payable in Other Currencies:			
Eurobonds 1.2% (floating rate)	2010	**365.5**	352.0
Eurobonds 4.25%	2012	**438.5**	422.5
Eurobonds 3.75%	2014	**438.5**	422.5
Eurobonds 3.875%	2015	**438.5**	422.5
Eurobonds 4.625%	2017	**438.5**	422.5
Other 4.4%	2011 to 2016	**105.5**	125.7
Capital Lease Obligations:			
United States 5.1%	2010 to 2018	**6.1**	7.0
Foreign 6.0%	2018	**2.8**	6.1
		4,167.7	3,547.5
Less: Current Portion		**(452.1)**	(32.1)
		$3,715.6	$3,515.4

Maturities of long-term debt in each of the next five years are as follows: $452.1 in 2010, $195.4 in 2011, $455.5 in 2012, $311.3 in 2013, and $470.0 in 2014.

During fiscal 2009, the Company issued Industrial Revenue Bonds totaling $158.8, the proceeds of which must be held in escrow until related project spending occurs. As of 30 September 2009, proceeds of $90.6 were held in escrow and classified as a noncurrent asset.

On 21 August 2009, the Company issued a $400.0 senior fixed-rate 4.375% note that matures on 21 August 2019.

Various debt agreements to which the Company is a party include certain financial covenants and other restrictions, including restrictions pertaining to the ability to create property liens and enter into certain sale and leaseback transactions. The Company is in compliance with its financial debt covenants.

The Company has obtained the commitment of a number of commercial banks to lend money at market rates whenever needed. This committed line of credit provides a source of liquidity and is used to support the issuance of commercial paper. The Company's total multicurrency revolving facility, maturing in May 2011, amounted to $1,450.0 at 30 September 2009. No borrowings were outstanding under this commitment at the end of 2009. Additional commitments totaling $396.6 are maintained by the Company's foreign subsidiaries, of which $294.8 was borrowed and outstanding at 30 September 2009.

15. Retirement Benefits

The Company and certain of its subsidiaries sponsor defined benefit pension plans and defined contribution plans that cover a substantial portion of its worldwide employees. The principal defined benefit pension plans are the U.S. Salaried Pension Plan and the U.K. Pension Plan. These plans were closed to new participants in 2005 and were replaced with defined contribution plans. The principal defined contribution plan is the Retirement Savings Plan, in which a substantial portion of the U.S. employees participate; a similar plan is offered to U.K. employees. The Company also provides other postretirement benefits consisting primarily of healthcare benefits to U.S. retirees who meet age and service requirements.

Defined Benefit Pension Plans

Pension benefits earned are generally based on years of service and compensation during active employment. The cost of the Company's defined benefit pension plans included the following components:

	2009		2008		2007	
	U.S.	**International**	U.S.	International	U.S.	International
Service cost	**$ 33.9**	**$ 26.6**	$ 42.3	$ 35.4	$ 45.8	$ 35.8
Interest cost	**124.0**	**60.9**	117.6	63.3	112.0	56.3
Expected return on plan assets	**(146.5)**	**(55.3)**	(143.2)	(63.6)	(131.2)	(56.9)
Amortization:						
Prior service cost	**2.6**	**1.3**	1.9	1.3	2.2	2.0
Transition	**—**	**—**	—	.1	—	.1
Actuarial loss	**6.2**	**10.8**	19.6	18.3	33.6	23.9
Settlements and curtailments	**9.7**	**4.8**	29.9	.4	10.3	—
Special termination benefits	**7.2**	**22.1**	.1	1.1	.7	1.3
Other	**—**	**1.7**	—	2.5	—	2.6
Net Periodic Pension Cost	**$ 37.1**	**$ 72.9**	$ 68.2	$ 58.8	$ 73.4	$ 65.1

The Company calculated net periodic pension cost for a given fiscal year based on assumptions developed at the end of the previous fiscal year. The following table sets forth the weighted average assumptions used in the calculation of net periodic pension cost:

	2009		2008		2007	
	U.S.	**International**	U.S.	International	U.S.	International
Discount rate	**7.6%**	**6.5%**	6.4%	5.7%	6.0%	5.1%
Expected return on plan assets	**8.8%**	**7.4%**	9.5%	7.5%	9.5%	7.4%
Rate of compensation increase	**4.3%**	**4.4%**	4.5%	3.8%	4.5%	3.6%

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. The Company recognizes pension settlements when payments exceed the sum of service and interest cost components of net periodic pension cost of the plan for the fiscal year. A settlement loss is recognized when the pension obligation is settled. Based on the timing of when cash payments were made, the Company recognized $10.7, $30.3, and $10.3 of settlement charges in 2009, 2008, and 2007, respectively.

Special termination benefits for fiscal year 2009 included $28.5 for the global cost reduction plan. The global cost reduction charge also included $3.8 for curtailment losses related to the U.K. pension plans.

Table of Contents

The projected benefit obligation (PBO) is the actuarial present value of benefits attributable to employee service rendered to date, including the effects of estimated future salary increases. The following table sets forth the weighted average assumptions used in the calculation of the PBO:

	2009		2008	
	U.S.	**International**	U.S.	International
Discount rate	**5.7%**	**5.5%**	7.6%	6.5%
Rate of compensation increase	**4.3%**	**3.7%**	4.3%	4.4%

The following table reflects the change in the PBO and the change in the fair value of plan assets based on the plan year measurement date, as well as the amounts recognized in the Consolidated Balance Sheets. In 2009, the Company used a measurement date of 30 September for all plans. In 2008, the U.K. and Belgium plans were measured as of 30 June.

	2009		2008	
	U.S.	**International**	U.S.	International
Change in Pension Benefit Obligation				
Obligation at beginning of year	**$1,638.7**	**$ 1,093.0**	$1,894.9	$ 1,138.2
Measurement date change	**—**	**(78.5)**	—	—
Service cost	**33.9**	**26.6**	42.3	35.4
Interest cost	**124.0**	**60.9**	117.6	63.3
Amendments	**.9**	**.6**	1.1	.2
Actuarial loss (gain)	**498.0**	**173.4**	(291.8)	16.0
Special termination benefits, settlements, and curtailments	**12.8**	**23.5**	13.8	1.7
Participant contributions	**—**	**4.6**	—	4.6
Benefits paid	**(97.8)**	**(60.9)**	(132.7)	(42.1)
Currency translation/other	**—**	**(67.7)**	(6.5)	(124.3)
Obligation at End of Year	**$2,210.5**	**$ 1,175.5**	$1,638.7	$ 1,093.0
Change in Plan Assets				
Fair value at beginning of year	**$1,424.7**	**$ 793.5**	$1,673.8	$ 926.3
Actual return on plan assets	**9.4**	**41.6**	(279.8)	(53.2)
Company contributions	**121.4**	**63.4**	168.9	62.5
Participant contributions	**—**	**4.6**	—	4.6
Benefits paid	**(97.8)**	**(60.9)**	(132.7)	(42.1)
Currency translation/other	**—**	**(48.9)**	(5.5)	(104.6)
Fair Value at End of Year	**$1,457.7**	**$ 793.3**	$1,424.7	$ 793.5
Funded Status at End of Year	**$ (752.8)**	**$ (382.2)**	$ (214.0)	$ (299.5)
Employer contributions for U.K. and Belgium after the measurement date	**—**	**—**	—	2.6
Net Amount Recognized	**$ (752.8)**	**$ (382.2)**	$ (214.0)	$ (296.9)
Amounts Recognized				
Noncurrent assets	**$ —**	**$ 8.4**	$ —	$ 26.6
Accrued liabilities	**(210.5)**	**(137.4)**	(90.9)	(32.6)
Noncurrent liabilities	**(542.3)**	**(253.2)**	(123.1)	(290.9)
Net Amount Recognized	**$ (752.8)**	**$ (382.2)**	$ (214.0)	$ (296.9)

Table of Contents

The changes in plan assets and benefit obligation that have been recognized in AOCI on a pretax basis during 2009 and 2008 consist of the following:

	2009		2008	
	U.S.	**International**	U.S.	International
Net actuarial loss arising during the period	**$ 640.8**	**$ 148.2**	$ 145.4	$ 131.8
Measurement date change	**—**	**(49.8)**	—	—
Amortization of net actuarial loss	**(15.9)**	**(15.6)**	(49.5)	(18.7)
Prior service cost arising during the period	**.8**	**.6**	.9	.2
Amortization of prior service cost	**(2.6)**	**(1.3)**	(1.9)	(1.3)
Amortization of net transition liability	**—**	**—**	—	(.1)
Total Recognized in AOCI	**$ 623.1**	**$ 82.1**	$ 94.9	$ 111.9

The net actuarial loss represents the actual changes in the estimated obligation and plan assets that have not yet been recognized in the income statement and are included in AOCI. Actuarial losses arising during 2009 are primarily attributable to lower discount rates and actual asset returns below expected returns. Actuarial gains and losses are not recognized immediately, but instead are accumulated as a part of the unrecognized net loss balance and amortized into net periodic pension cost over the average remaining service period of participating employees as certain thresholds are met.

The components recognized in AOCI on a pretax basis at 30 September consisted of:

	2009		2008	
	U.S.	**International**	U.S.	International
Net actuarial loss	**$ 976.9**	**$ 450.9**	$ 352.0	$ 368.1
Prior service cost	**18.3**	**6.8**	20.1	7.5
Net transition liability	**—**	**.4**	—	.4
Total Recognized in AOCI	**$ 995.2**	**$ 458.1**	$ 372.1	$ 376.0

The amount of AOCI at 30 September 2009 that is expected to be recognized as a component of net periodic pension cost during fiscal year 2010 is as follows:

	U.S.	International
Net actuarial loss	$ 46.4	$ 17.7
Prior service cost	2.6	.7

The assets of the Company's defined benefit pension plans consist primarily of equity and fixed-income securities. Except where the Company's equity is a component of an index fund, the defined benefit plans are prohibited by Company policy from holding shares of Company stock.

Asset allocation targets are established based on the long-term return and volatility characteristics of the investment classes and recognize the benefit of diversification and the profiles of the plans' liabilities. The actual and target allocations at the measurement date are as follows:

	2009 Target Allocation		2009 Actual Allocation		2008 Actual Allocation	
Asset Category	**U.S.**	**International**	**U.S.**	**International**	U.S.	International
Equity securities	**60–80%**	**50–60%**	**68%**	**56%**	65%	61%
Debt securities	**20–30%**	**34–47%**	**26%**	**39%**	26%	34%
Real estate/other	**0-10%**	**2-4%**	**5%**	**3%**	8%	2%
Cash	**—**	**—**	**1%**	**2%**	1%	3%
Total			**100%**	**100%**	100%	100%

The Company employs a mix of active and passive investment strategies. Over a full market cycle, the total return on plan assets is expected to exceed that of a passive strategy tracking index returns in each asset category.

The expected return on plan assets assumption is based on an estimated weighted average of long-term returns of major asset classes. In determining asset class returns, the Company takes into account long-term returns of major asset classes, historical performance of plan assets, and related value of active management, as well as the current interest rate environment.

The Company anticipates contributing approximately $360 to the defined benefit pension plans in 2010.

Projected benefit payments, which reflect expected future service, are as follows:

	U.S.	International
2010	$ 89.0	$ 41.5
2011	94.8	42.5
2012	102.0	46.0
2013	110.9	46.6
2014	118.4	48.4
2015–2019	724.4	267.2

These estimated benefit payments are based on assumptions about future events. Actual benefit payments may vary significantly from these estimates.

The accumulated benefit obligation (ABO) is the actuarial present value of benefits attributed to employee service rendered to a particular date, based on current salaries. The ABO for all defined benefit pension plans was $2,970.8 and $2,268.3 at the end of 2009 and 2008, respectively.

The following table provides information on pension plans where the ABO exceeds the value of plan assets:

	2009		2008	
	U.S.	**International**	U.S.	International
PBO	**$2,210.5**	**$ 1,008.0**	$ 244.2	$ 941.8
ABO	**1,885.0**	**955.5**	204.1	776.2
Plan assets	**1,457.7**	**620.2**	106.8	625.0

Included in the table above are several pension arrangements that are not funded because of jurisdictional practice. The ABO and PBO related to these plans for 2009 were $130.5 and $176.3, respectively.

Defined Contribution Plans

The Company maintains a nonleveraged employee stock ownership plan (ESOP) which forms part of the Air Products and Chemicals, Inc. Retirement Savings Plan (RSP). The ESOP was established in May of 2002. The balance of the RSP is a qualified defined contribution plan including a 401(k) elective deferral component. A substantial portion of U.S. employees are eligible and participate.

Dividends paid on ESOP shares are treated as ordinary dividends by the Company. Under existing tax law, the Company may deduct dividends which are paid with respect to shares held by the plan. Shares of the Company's common stock in the ESOP totaled 5,601,191 as of 30 September 2009.

The Company matches a portion of the participants' contributions to the RSP and other various worldwide defined contribution plans. The Company's contributions to the RSP include a Company core contribution for eligible employees (not participating in the defined benefit pension plans), with the core contribution based on a percentage of pay, and the percentage is based on years of service. For the RSP, the Company also makes matching contributions on overall employee contributions as a percentage of the employee contribution and includes an enhanced contribution for eligible employees (not participating in the defined benefit pension plans). Worldwide contributions expensed to income in 2009, 2008, and 2007 were $30.6, $30.1, and $28.6, respectively.

Other Postretirement Benefits

The Company provides other postretirement benefits consisting primarily of healthcare benefits to certain U.S. retirees who meet age and service requirements. The healthcare benefit is a continued medical benefit until the retiree reaches age 65. Healthcare benefits are contributory, with contribution percentages adjusted periodically. The retiree medical costs are capped at a specified dollar amount, with the retiree contributing the remainder.

The cost of the Company's other postretirement benefit plans included the following components:

	2009	2008	2007
Service cost	$ 4.0	$ 5.9	$ 5.9
Interest cost	6.5	5.8	5.4
Amortization:			
Prior service credit	(1.4)	(1.4)	(1.8)
Actuarial loss	.1	1.7	2.3
Net Periodic Postretirement Cost	**$ 9.2**	$ 12.0	$ 11.8

The Company calculates net periodic postretirement cost for a given fiscal year based on assumptions developed at the end of the previous fiscal year. The discount rate assumption used in the calculation of net periodic postretirement cost for 2009, 2008, and 2007 was 7.4%, 5.7%, and 5.3%, respectively.

The Company measures the other postretirement benefits as of 30 September. The discount rate assumption used in the calculation of the accumulated postretirement benefit obligation was 4.2% and 7.4% for 2009 and 2008, respectively.

The following table reflects the change in the accumulated postretirement benefit obligation and the amounts recognized in the Consolidated Balance Sheets:

	2009	2008
Obligation at Beginning of Year	**$ 98.8**	$ 107.2
Service cost	4.0	5.9
Interest cost	6.5	5.8
Actuarial loss (gain)	18.7	(10.1)
Benefits paid	(12.0)	(10.0)
Obligation at End of Year	**$ 116.0**	$ 98.8
Amounts Recognized		
Accrued liabilities	$ 13.5	$ 11.3
Noncurrent liabilities	102.5	87.5

The changes in benefit obligation that have been recognized in AOCI on a pre-tax basis during 2009 and 2008 for the Company's other postretirement benefit plans consist of the following:

	2009	2008
Net actuarial loss (gain) arising during the period	$ 18.7	$ (10.1)
Amortization of net actuarial loss	(.1)	(1.7)
Amortization of prior service credit	1.4	1.4
Total Recognized in AOCI	**$ 20.0**	$ (10.4)

The components recognized in AOCI on a pretax basis at 30 September consisted of:

	2009	2008
Net actuarial loss	$ 30.6	$ 12.0
Prior service credit	(.1)	(1.5)
Amount Recognized in AOCI	**$ 30.5**	$ 10.5

Of the 30 September 2009 actuarial loss and prior service credit, it is estimated that $2.7 and $(.2), respectively, will be amortized into net periodic postretirement cost over fiscal year 2010.

The assumed healthcare trend rates are as follows:

	2009	2008
Healthcare trend rate	**9.5%**	10.0%
Ultimate trend rate	**5.0%**	5.0%
Year the ultimate trend rate is reached	**2014**	2013

The effect of a change in the healthcare trend rate is slightly tempered by a cap on the average retiree medical cost. The impact of a one percentage point change in the assumed healthcare cost trend rate on net periodic postretirement cost and the obligation is not material.

Projected benefit payments are as follows:

2010	$13.8
2011	13.9
2012	13.6
2013	13.1
2014	12.8
2015–2019	58.5

These estimated benefit payments are based on assumptions about future events. Actual benefit payments may vary significantly from these estimates.

16. Commitments and Contingencies

Litigation

The Company is involved in various legal proceedings, including competition, environmental, health, safety, product liability, and insurance matters. During the third quarter of 2008, a unit of the Brazilian Ministry of Justice issued a report (previously issued in January 2007, and then withdrawn) on its investigation of the Company's Brazilian subsidiary, Air Products Brazil Ltda., and several other Brazilian industrial gas companies. The report recommended that the Brazilian Administrative Council for Economic Defense impose sanctions on Air Products Brazil Ltda. and the other industrial gas companies for alleged anticompetitive activities. The Company is actively defending 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

In the normal course of business, the Company is involved in legal proceedings under the federal Superfund law, similar state environmental laws, and RCRA relating to the designation of certain sites for investigation or remediation. Presently, there are approximately 28 sites on which a final settlement has not been reached where the Company, along with others, has been designated a potentially responsible party by the Environmental Protection Agency or is otherwise engaged in investigation or remediation. In addition, the Company is also involved in cleanup activities at certain of its manufacturing sites. The Company continually monitors these sites for which it has environmental exposure.

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 consistent with the policy set forth in Note 1. The Consolidated Balance Sheets at 30 September 2009 and 2008 included an accrual of $95.0 and $82.9, 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 $95 to a reasonably possible upper exposure of $109 as of 30 September 2009.

Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Using reasonably possible alternative assumptions of the exposure level could result in an increase to the environmental accrual. Due to the inherent uncertainties related to environmental exposures, a significant increase to the reasonably possible upper exposure level could occur if a new site is designated, the scope of remediation is increased, a different remediation alternative is identified, or a significant increase in the Company's proportionate share occurs. While the Company does not expect that any sums

it may have to pay in connection with environmental exposures would have a materially adverse effect on its consolidated financial position or net cash flows, a future charge for any damage award could have a significant impact on the Company's net income in the period in which it is recorded.

Pace

At 30 September 2009, $38.3 of the environmental accrual was related to the Pace facility.

In 2006, the Company sold its Amines business, which included operations at Pace, Florida and recognized a liability for retained environmental obligations associated with remediation activities at Pace. The Company is required by the Florida Department of Environmental Protection (FDEP) and the United States Environmental Protection Agency (USEPA) to continue its remediation efforts. The Company estimated that it would take about 20 years to complete the groundwater remediation, and the costs through completion were estimated to range from $42 to $50. As no amount within the range was a better estimate than another, the Company recognized a pretax expense of $42.0 as a component of income from discontinued operations and recorded an environmental accrual of $42.0 in continuing operations on the Consolidated Balance Sheets. There has been no change to the estimated exposure range related to the Pace facility.

The Company has implemented many of the remedial corrective measures at the Pace, Florida facility required under 1995 Consent Orders issued by the FDEP and the USEPA. Contaminated soils have been bioremediated, and the treated soils have been secured in a lined on-site disposal cell. Several groundwater recovery systems have been installed to contain and remove contamination from groundwater. The Company completed an extensive assessment of the site to determine how well existing measures are working, what additional corrective measures may be needed, and whether newer remediation technologies that were not available in the 1990's might be suitable to more quickly and effectively remove groundwater contaminants. Based on assessment results, the Company completed a focused feasibility study to identify new approaches to more effectively remove contaminants and is seeking the necessary approvals from the FDEP to implement those new approaches.

Piedmont

At 30 September 2009, $22.4 of the environmental accrual was related to the Piedmont site.

On 30 June 2008, the Company sold its Elkton, Maryland and Piedmont, South Carolina production facilities and the related North American atmospheric emulsions and global pressure sensitive adhesives businesses. In connection with the sale, the Company recognized a liability for retained environmental obligations associated with remediation activities at the Piedmont site. This site is under active remediation for contamination caused by an insolvent prior owner. Before the sale, which triggered expense recognition, remediation costs had been capitalized since they improved the property as compared to its condition when originally acquired. The Company is required by the South Carolina Department of Health and Environmental Control to address both contaminated soil and groundwater. Numerous areas of soil contamination have been addressed, and contaminated groundwater is being recovered and treated. The Company estimated that it would take until 2015 to complete source area remediation and another 15 years thereafter to complete groundwater recovery, with costs through completion estimated to be $24.0. The Company recognized a pretax expense in 2008 of $24.0 as a component of income from discontinued operations and recorded an environmental liability of $24.0 in continuing operations on the Consolidated Balance Sheets. There has been no change to the estimated exposure.

Paulsboro

At 30 September 2009, $16.0 of the environmental accrual was related to the Paulsboro site.

During the first quarter of 2009, management committed to a plan to sell the production facility in Paulsboro, New Jersey and recognized a $16.0 environmental liability associated with this site. The Company is required by the New Jersey state law to investigate and, if contaminated, remediate a site upon its sale. The Company estimates that it will take at least several years to complete the investigation/remediation efforts at this site.

Guarantees and Warranties

The Company is a party to certain guarantee agreements, including debt guarantees of equity affiliates and equity support agreements. These guarantees are contingent commitments that are related to activities of the Company's primary businesses.

The Company has guaranteed repayment of some additional borrowings of certain unconsolidated equity affiliates. At 30 September 2009, these guarantees have terms in the range of one to nine years, with maximum potential payments of $34.3.

The Company has entered into an equity support agreement and operations guarantee related to an air separation facility constructed in Trinidad for a venture in which the Company owns 50%. At 30 September 2009, maximum potential payments under joint and several guarantees were $73.0. Exposures under the guarantee decline over time and are completely extinguished by 2024.

To date, no equity contributions or payments have been required since the inception of these guarantees. The fair value of the above guarantees is not material.

The Company, in the normal course of business operations, has issued product warranties in its Equipment business. Also, contracts often contain standard terms and conditions which typically include a warranty and indemnification to the buyer that the goods and services purchased do not infringe on third-party intellectual property rights. The provision for estimated future costs relating to warranties is not material to the consolidated financial statements.

The Company does not expect that any sum it may have to pay in connection with guarantees and warranties will have a materially adverse effect on its consolidated financial condition, liquidity, or results of operations.

Put Option Agreements

The Company has entered into put option agreements with certain affiliated companies as discussed below. The Company accounts for the put options as contingent liabilities to purchase an asset. Since the inception of these agreements and through 30 September 2009, the Company determined that it was not certain that these options would be exercised by the other shareholders.

In 2008, the Company entered into a put option agreement as part of the purchase of an additional interest in CryoService Limited, a cryogenic and specialty gases company in the U.K. The Company increased its ownership from 25% to 72%. Put options were issued which gave the other shareholders the right to require the Company to purchase their shares of CryoService Limited. The options are effective beginning January 2010 and are exercisable only within a 20-day option period each year. The option price is based on a multiple of earnings formula. The estimated U.S. dollar price of purchasing the remaining stock based on the exchange rate at 30 September 2009 would be approximately $41.

In 1999, the Company made an investment in INOX, an Indian industrial gases company. As part of that transaction, put options were issued which gave the other (joint 50%) shareholders the right to require the Company to purchase their shares (approximately 5.1 million) of INOX (renamed INOXAP) at a predefined price. The other shareholders may give notice to exercise the put option between October and December 2010. The option, if exercised, would be effective on 31 July 2011. The option may also be exercised within six months of the death or permanent incapacity of the current Managing Director of INOXAP. The option price is based on a multiple of earnings formula, but not less than 630 Rupees per share. The U.S. dollar price of purchasing all 5.1 million shares based on the multiple of earnings formula at the 30 September 2009 exchange rate would be approximately $115.

In 2002, the Company entered into a put option agreement as part of the purchase of an additional interest in San Fu Gas Company, Ltd., renamed Air Products San Fu Company, Ltd. (San Fu), an industrial gas company in Taiwan. Currently, the Company has an ownership interest of 74% in San Fu. Put options were issued which give other shareholders the right to sell San Fu stock to the Company at market price when exercised. The options are effective through January 2015 and allow for the sale of all stock owned by other shareholders to the Company. The estimated U.S. dollar price of purchasing the stock owned by other shareholders based on the exchange rate at 30 September 2009 would be approximately $215.

Table of Contents

Purchase Obligations

The Company is obligated to make future payments under unconditional purchase obligations as summarized below:

2010	$ 611.2
2011	119.5
2012	112.3
2013	114.8
2014	120.2
Thereafter	707.2
Total	$1,785.2

Most of the Company's long-term unconditional purchase obligations relate to feedstock supply for numerous HyCO (hydrogen, carbon monoxide, and syngas) facilities. The price of feedstock supply is principally related to the price of natural gas. However, long-term take-or-pay sales contracts to HyCO customers are generally matched to the term of the feedstock supply obligations and provide recovery of price increases in the feedstock supply. Due to the matching of most feedstock supply obligations to customer sales contracts, the Company does not believe these purchase obligations would have a material effect on its financial condition or results of operations.

The above unconditional purchase obligations include other product supply commitments and also electric power and natural gas supply purchase obligations. In addition, purchase commitments to spend approximately $369 for additional plant and equipment are included in the unconditional purchase obligations in 2010.

17. Capital Stock

Authorized capital stock consists of 25 million preferred shares with a par value of $1 per share, none of which was outstanding at 30 September 2009, and 300 million shares of common stock with a par value of $1 per share.

On 20 September 2007, the Board of Directors authorized the repurchase of up to $1,000 of the Company's outstanding common stock. The Company repurchases shares pursuant to Rules 10b5-1 and 10b-18 under the Securities Exchange Act of 1934, as amended, through a 10b5-1 written repurchase plan established with several brokers. An additional $649.2 in share repurchase authorization remained at 30 September 2009.

18. Share-Based Compensation

The Company has various share-based compensation programs, which include stock options, deferred stock units, and restricted stock. Under all programs, the terms of the awards are fixed at the grant date. The Company issues shares from treasury stock upon the exercise of stock options, the payout of deferred stock units, and the issuance of restricted stock awards. At 30 September 2009, there were 3,629,186 shares available for future grant under the Company's Long-Term Incentive Plan, which is shareholder approved.

Share-based compensation cost recognized in the income statement is summarized below:

	2009	2008	2007
Cost of sales	**$ 7.9**	$ 8.7	$ 9.5
Selling and administrative	**46.9**	47.0	57.0
Research and development	**4.1**	5.7	4.4
Global cost reduction plan	**1.5**	—	—
Before-Tax Share-Based Compensation Cost	**60.4**	61.4	70.9
Income tax benefit	**(23.3)**	(23.6)	(27.3)
After-Tax Share-Based Compensation Cost	**$ 37.1**	$ 37.8	$ 43.6

The amount of share-based compensation cost capitalized in 2009, 2008, and 2007 was not material.

Total before-tax share-based compensation cost by type of program was as follows:

	2009	2008	2007
Stock options	**$ 38.3**	$ 36.5	$ 36.0
Deferred stock units	**19.2**	22.6	30.2
Restricted stock	**2.9**	2.3	4.7
Before-Tax Share-Based Compensation Cost	**$ 60.4**	$ 61.4	$ 70.9

Stock Options

The Company has granted awards of options to purchase common stock to executives, selected employees, and outside directors. The exercise price of stock options equals the market price of the Company's stock on the date of the grant. Options generally vest incrementally over three years, and remain exercisable for ten years from the date of grant. Options have not been issued to directors since 2005. Options outstanding with directors are exercisable six months after the grant date.

The fair value of options granted was estimated using a lattice-based option valuation model that used the assumptions noted in the table below. Expected volatility and expected dividend yield are based on actual historical experience of the Company's stock and dividends over the historical period equal to the option term. The expected life represents the period of time that options granted are expected to be outstanding based on an analysis of Company-specific historical exercise data. The range given below results from certain groups of employees exhibiting different behavior. Separate groups of employees that have similar historical exercise behavior were considered separately for valuation purposes. The risk-free rate is based on the U.S. Treasury Strips with terms equal to the expected time of exercise as of the grant date.

	2009	2008	2007
Expected volatility	**31.2%**	30.4%	30.6%
Expected dividend yield	**2.1%**	2.1%	2.1%
Expected life (in years)	**6.8-8.0**	6.8-8.0	7.0-9.0
Risk-free interest rate	**3.5%-3.9%**	4.5%-4.6%	4.5%-4.7%

The weighted average grant-date fair value of options granted during 2009, 2008, and 2007 was $20.86, $31.84, and $22.45 per option, respectively.

A summary of stock option activity is presented below:

Stock Options	Shares (000)	Weighted Average Exercise Price
Outstanding at 30 September 2008	17,537	$49.48
Granted	2,029	66.90
Exercised	(1,672)	32.95
Forfeited	(147)	77.66
Outstanding at 30 September 2009	**17,747**	**$52.79**
Exercisable at 30 September 2009	**14,567**	**$48.00**

Stock Options	Weighted Average Remaining Contractual Terms (in years)	Aggregate Intrinsic Value
Outstanding at 30 September 2009	**4.6**	**$465**
Exercisable at 30 September 2009	**3.8**	**$439**

The aggregate intrinsic value represents the amount by which the Company's closing stock price of $77.58 as of 30 September 2009 exceeds the exercise price multiplied by the number of in-the-money options outstanding or exercisable as of that date.

The total intrinsic value of stock options exercised during 2009, 2008, and 2007 was $62.1, $138.0, and $218.8, respectively.

Compensation cost is generally recognized over the stated vesting period consistent with the terms of the arrangement (i.e., either on a straight-line or graded-vesting basis). Expense recognition is accelerated for retirement-eligible individuals who would meet the requirements for vesting of awards upon their retirement. As of 30 September 2009, there was $10.5 of unrecognized compensation cost related to nonvested stock options, which is expected to be recognized over a weighted average period of 1.2 years.

Cash received from option exercises during 2009 was $54.4, generating a total tax benefit of $21.9. The excess tax benefit was $13.9 in 2009.

Deferred Stock Units and Restricted Stock

The grant-date fair value of deferred stock units and restricted stock is estimated on the date of grant based on the market price of the stock, and compensation cost is generally amortized to expense on a straight-line basis over the vesting period during which employees perform related services. Expense recognition is accelerated for retirement-eligible individuals who would meet the requirements for vesting of awards upon their retirement.

Deferred Stock Units

The Company has granted deferred stock units to executives, selected employees, and outside directors. These deferred stock units entitle the recipient to one share of common stock upon vesting, which is conditioned on continued employment during the deferral period and may also be conditioned on earn-out against certain performance targets. The deferral period for some units ends after death, disability, or retirement. However, for a portion of the performance-based deferred stock units, the deferral period ends at the end of the performance period (one to three years) or up to two years thereafter. Certain of the performance-based deferred stock units provide for one-half of the earned shares to be paid in cash at the end of the performance period. Additionally, the Company has granted deferred stock units, subject to a three- or four-year deferral period, to selected employees. Deferred stock units issued to directors are paid after service on the Board of Directors ends at the time elected by the director (not to exceed 10 years after service ends).

Deferred Stock Units	Shares (000)	Weighted Average Grant-Date Fair Value
Outstanding at 30 September 2008	1,717	$ 58.94
Granted	378	53.07
Paid out	(381)	51.28
Forfeited/adjustments	(112)	76.56
Outstanding at 30 September 2009	**1,602**	**$ 58.13**

Cash payments made for performance-based deferred stock units were $5.2 in 2009. As of 30 September 2009, there was $23.2 of unrecognized compensation cost related to deferred stock units. The cost is expected to be recognized over a weighted average period of 2.3 years. The total fair value of deferred stock units paid out during 2009, 2008, and 2007, including shares vested in prior periods, was $22.1, $51.5, and $9.0, respectively.

Restricted Stock

The Company has issued shares of restricted stock to certain officers. Participants are entitled to cash dividends and to vote their respective shares. Shares granted prior to 2007 are subject to forfeiture if employment is terminated other than due to death, disability, or retirement. Shares granted since 2007 vest in four years or upon earlier retirement, death, or disability. The shares are nontransferable while subject to forfeiture.

Restricted Stock	Shares (000)	Weighted Average Grant-Date Fair Value
Outstanding at 30 September 2008	85	$ 70.12
Granted	40	64.01
Vested	—	—
Forfeited	—	—
Outstanding at 30 September 2009	**125**	**$ 68.16**

As of 30 September 2009, there was $1.5 of unrecognized compensation cost related to restricted stock awards. The cost is expected to be recognized over a weighted average period of 4.4 years. During 2009, no restricted stock vested. The total fair value of restricted stock vested during 2008 and 2007 was $10.8 and $2.7, respectively.

Table of Contents

19. Earnings per Share

The calculation of basic and diluted earnings per share (EPS) is as follows:

30 September	2009	2008	2007
Numerator			
Used in basic and diluted EPS			
Income from continuing operations	**$ 639.9**	$1,090.5	$1,019.6
Income (loss) from discontinued operations, net of tax	**(8.6)**	(180.8)	16.0
Net Income	**$ 631.3**	$ 909.7	$1,035.6
Denominator (in millions)			
Weighted average number of common shares used in basic EPS	**209.9**	212.2	216.2
Effect of dilutive securities:			
Employee stock options	**2.6**	5.9	5.8
Other award plans	**1.0**	1.1	1.2
	3.6	7.0	7.0
Weighted average number of common shares and dilutive potential common shares used in diluted EPS	**213.5**	219.2	223.2
Basic EPS			
Income from continuing operations	**$ 3.05**	$ 5.14	$ 4.72
Income (loss) from discontinued operations	**(.04)**	(.85)	.07
Net Income	**$ 3.01**	$ 4.29	$ 4.79
Diluted EPS			
Income from continuing operations	**$ 3.00**	$ 4.97	$ 4.57
Income (loss) from discontinued operations	**(.04)**	(.82)	.07
Net Income	**$ 2.96**	$ 4.15	$ 4.64

Diluted EPS reflects the potential dilution that could occur if stock options or other share-based awards were exercised or converted into common stock. The dilutive effect is computed using the treasury stock method, which assumes all share-based awards are exercised and the hypothetical proceeds from exercise are used by the Company to purchase common stock at the average market price during the period. The incremental shares (difference between shares assumed to be issued versus purchased), to the extent they would have been dilutive, are included in the denominator of the diluted EPS calculation. Options on 5.8 million shares, 1.2 million shares, and .8 million shares were antidilutive and therefore excluded from the computation of diluted earnings per share for 2009, 2008, and 2007, respectively.

20. Income Taxes

The following table shows the components of the provision for income taxes:

	2009	2008	2007
Federal			
Current	**$ 88.1**	$ 131.7	$ 94.0
Deferred	**18.1**	3.1	(19.0)
	106.2	134.8	75.0
State			
Current	**35.8**	2.8	10.5
Deferred	**(20.9)**	11.0	7.2
	14.9	13.8	17.7
Foreign			
Current	**113.7**	193.9	169.0
Deferred	**(49.5)**	22.8	25.5
	64.2	216.7	194.5
	$ 185.3	$ 365.3	$ 287.2

The significant components of deferred tax assets and liabilities are as follows:

30 September	2009	2008
Gross Deferred Tax Assets		
Pension and other compensation accruals	**$ 614.9**	$ 383.2
Tax loss carryforwards	**78.7**	91.1
Tax credits	**74.5**	65.2
Reserves and accruals	**66.6**	30.0
Unremitted earnings of foreign entities	**—**	6.9
Asset impairment	**26.9**	69.0
Currency losses	**80.4**	83.0
Other	**167.1**	110.6
Valuation allowance	**(31.9)**	(60.7)
Deferred Tax Assets	**1,077.2**	778.3
Gross Deferred Tax Liabilities		
Plant and equipment	**896.2**	887.0
Employee benefit plans	**106.0**	89.2
Investment in partnerships	**10.5**	9.4
Unrealized gain on cost investment	**5.8**	4.6
Unremitted earnings of foreign entities	**2.6**	—
Intangible assets	**26.1**	30.0
Other	**111.3**	120.3
Deferred Tax Liabilities	**1,158.5**	1,140.5
Net Deferred Income Tax Liability	**$ 81.3**	$ 362.2

Net current deferred tax assets of $206.6 and net noncurrent deferred tax assets of $71.5 were included in other receivables and current assets and other noncurrent assets at 30 September 2009, respectively. Net current deferred tax assets of $193.3 and net noncurrent deferred tax assets of $71.1 were included in other receivables and current assets and other noncurrent assets at 30 September 2008, respectively.

Foreign and state loss carryforwards as of 30 September 2009 were $230.1 and $235.5, respectively. The foreign losses have expiration periods beginning in 2010. State operating loss carryforwards have expiration periods that range between 2010 and 2029.

The valuation allowance as of 30 September 2009 primarily relates to the tax loss carryforwards referenced above. If events warrant the reversal of the $31.9 valuation allowance, it would result in a reduction of tax expense. The Company believes it is more likely than not that future earnings will be sufficient to utilize the Company's deferred tax asset, net of existing valuation allowance, at 30 September 2009.

Major differences between the United States federal statutory tax rate and the effective tax rate are:

(Percent of income before taxes)	2009	2008	2007
U.S. federal statutory tax rate	**35.0%**	35.0%	35.0%
State taxes, net of federal benefit	**1.1**	.8	1.2
Income from equity affiliates	**(4.7)**	(3.4)	(2.8)
Foreign taxes and credits	**(7.5)**	(6.3)	(4.4)
Export tax benefit and domestic production	**(1.1)**	(.6)	(.8)
Tax audit settlements and adjustments	**(.8)**	—	(2.6)
Donation of investments	**—**	—	(1.2)
Other	**.5**	(.4)	(2.4)
Effective Tax Rate after Minority Interest	**22.5%**	25.1%	22.0%
Minority interest	**(.4)**	(.4)	(.4)
Effective Tax Rate	**22.1%**	24.7%	21.6%

In the fourth quarter of 2007, the Company recorded a tax benefit of $11.3, primarily from tax audit settlements and adjustments and related interest income. In June 2007, the Company settled tax audits through fiscal year 2004 with the Internal Revenue Service. This audit settlement resulted in a tax benefit of $27.5 in the third quarter of 2007. For 2007, tax audit settlements and adjustments totaled $38.8.

In the fourth quarter of 2007, a charge related to the Company's annual reconciliation and analysis of its current and deferred tax assets and liabilities was recorded and is included in tax audit settlements and adjustments in the above table.

The following table summarizes the income of U.S. and foreign operations, before taxes and minority interest:

	2009	2008	2007
Income from continuing operations:			
United States	**$ 374.3**	$ 479.5	$ 583.1
Foreign	**350.1**	854.3	630.1
Income from equity affiliates	**112.2**	145.0	114.4
	$ 836.6	$1,478.8	$1,327.6

The Company does not pay or record U.S. income taxes on the undistributed earnings of its foreign subsidiaries and corporate joint ventures as long as those earnings are permanently reinvested in the companies that produced them. These cumulative undistributed earnings are included in retained earnings on the Consolidated Balance Sheets and amounted to $2,991.0 at the end of 2009. An estimated $697.3 in U.S. income and foreign withholding taxes would be due if these earnings were remitted as dividends after payment of all deferred taxes.

At 30 September 2009, the Company had $194.9 of unrecognized tax benefits, including $31.8 for the payment of interest and penalties. Interest and penalties of $2.5 were recognized in 2009. The Company classifies interest and penalties related to unrecognized tax benefits as a component of income tax expense. At 30 September 2009, $101.6 of the liability for unrecognized tax benefits, if recognized, would impact the effective tax rate.

The Company is currently under examination in a number of tax jurisdictions, some of which may be resolved in the next twelve months. As a result, it is reasonably possible that a change in the unrecognized tax benefits may occur during the next twelve months. However, quantification of an estimated range cannot be made at this time. A reconciliation of the beginning and ending amount of the unrecognized tax benefits is as follows:

Unrecognized Tax Benefits	**2009**	2008
Balance, Beginning of Year	**$ 184.1**	$ 116.5
Additions for tax positions of the current year	**25.6**	58.3
Additions for tax positions of prior years	**39.0**	20.1
Reductions for tax positions of prior years	**(45.2)**	(5.2)
Settlements	**(5.4)**	(4.6)
Statute of limitations expiration	**(5.4)**	(3.4)
Foreign currency translation	**2.2**	2.4
Balance, End of Year	**$ 194.9**	$ 184.1

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	2007–2009
Canada	2006–2009
Europe	
United Kingdom	2006–2009
Germany	2006–2009
Netherlands	2005–2009
Poland	2003–2009
Spain	2005–2009
Asia	
Taiwan	2004–2009
Korea	2004–2009

21. Supplemental Information

Other Receivables and Current Assets

30 September	2009	2008
Deferred tax assets	**$ 206.6**	$ 193.3
Derivative instruments	**54.1**	42.4
Other receivables	**89.9**	89.3
Current capital lease receivables	**32.6**	24.2
Other	**16.6**	.2
	$ 399.8	$ 349.4

Other Noncurrent Assets

30 September	2009	2008
Restricted cash	**$ 129.0**	$ 214.1
Derivative instruments	**25.1**	25.8
Other long-term receivables	**72.6**	10.8
Cost investments	**19.4**	15.6
Deferred tax assets	**71.5**	71.1
Prepaid pension benefit cost	**8.4**	26.6
Other deferred charges	**112.0**	140.1
	$ 438.0	$ 504.1

Payables and Accrued Liabilities

30 September	2009	2008
Trade creditors	**$ 620.3**	$ 755.2
Customer advances	**72.6**	122.0
Accrued payroll and employee benefits	**137.9**	203.7
Pension benefits	**347.9**	123.5
Dividends payable	**95.1**	92.1
Outstanding payments in excess of certain cash balances	**25.2**	56.1
Accrued interest expense	**59.2**	64.9
Derivative instruments	**61.3**	81.9
Global cost reduction plan accrual	**110.4**	—
Miscellaneous	**130.5**	166.2
	$1,660.4	$1,665.6

Deferred Income and Other Noncurrent Liabilities 30 September	2009	2008
Pension benefits	**$ 795.5**	$ 414.0
Postretirement benefits	**102.5**	87.5
Other employee benefits	**105.1**	91.9
Contingencies related to uncertain tax positions	**193.5**	152.8
Advance payments	**90.5**	99.0
Environmental liabilities	**93.4**	81.0
Derivative instruments	**48.4**	33.7
Miscellaneous	**93.1**	89.3
	$1,522.0	$1,049.2

Accumulated Other Comprehensive Income (Loss) 30 September	2009	2008
Net unrealized holding gain on investments	**$ 10.5**	$ 8.1
Net unrecognized (loss) on derivatives qualifying as hedges	**(25.1)**	(19.9)
Foreign currency translation adjustments	**(179.8)**	(28.3)
Pension and postretirement benefits	**(967.4)**	(509.2)
	$(1,161.8)	$ (549.3)

Other Income (Expense), Net	2009	2008	2007
Technology and royalty income	**$ 19.5**	$ 18.6	$ 15.9
Interest income	**7.4**	8.2	8.2
Foreign exchange	**(3.8)**	3.6	(4.5)
Sale of assets and investments	**(10.8)**	6.5	23.7
Amortization of intangibles	**(10.1)**	(9.8)	(11.2)
Property damage and related expenses, net of insurance recoveries	**4.9**	(13.5)	.4
Miscellaneous	**15.9**	12.2	9.8
	$ 23.0	$ 25.8	$ 42.3

Loss from Property Damage

In the fourth quarter of 2008, a fire at the Company's Ulsan, Korea nitrogen trifluoride (NF_3) production facility required the plant to be shut down. Other income (expense) for fiscal 2008 included a net loss of $14.7 ($10.7 after-tax, or $.05 per share) related to property damage. The net book value of the damaged property was written off and a receivable was recorded for expected property damage insurance recoveries.

During fiscal 2009, the Company received the expected insurance recoveries for property damage of $3.7. Additionally, the Company recorded other income of $4.9 ($3.1 after-tax, or $.01 per share), comprising $2.3 for the receipt of additional proceeds from a business interruption claim and a $2.6 adjustment to the book value of the damaged property.

Additional Income Statement Information

2009 Customer Bankruptcy and Asset Actions

As a result of events which occurred during the third quarter of 2009, the Company recognized a $22.2 charge primarily for the write-off of certain receivables due to a customer bankruptcy. This customer, who principally receives product from the Tonnage Gases segment, began operating under Chapter 11 bankruptcy protection on 6 January 2009. Sales and operating income associated with this customer are not material to the Tonnage Gases segment's results. At 30 September 2009, the Company had remaining outstanding receivables with the customer of $16.3. At the present time, the Company does not expect to recognize additional charges related to this customer.

Additionally, during the third quarter of 2009, the Company recorded a charge of $9.9 for other asset actions which consisted of the closure of certain manufacturing facilities. This charge was reflected in cost of sales on the Consolidated Income Statements. The customer bankruptcy charge combined with this asset write-down resulted in a total charge of $32.1 ($21.0 after-tax, or $.10 per share).

2007 Customer Contract Settlement

In 2007, the Company entered into a settlement with a customer to resolve a dispute related to a dinitrotoluene (DNT) supply agreement. As part of the settlement agreement, the DNT supply agreement was terminated, and certain other agreements between the companies were amended. As a result, the Company recognized a before-tax gain of $36.8 ($23.6 after-tax, or $.11 per share) in 2007.

2007 Donation/Sale of Cost Investment

The Company has a cost-basis investment in a publicly traded foreign company which has been classified as an available-for-sale investment, with holding gains and losses recorded to other comprehensive income, net of income tax. On 19 September 2007, the Company donated 65% of its investment to a tax-exempt charitable organization and sold 15% of its investment for cash. The Company deducted the fair value of the donation in its fiscal 2007 income tax returns. As a result of the donation, the Company recognized a tax benefit of $18.3 in the fourth quarter of 2007 and pretax expense of $4.7 for the carrying value of the investment. As a result of the sale, the Company recognized a pretax gain of $9.7. In combination, the donation and sale had a favorable net impact of $5.0 on operating income, $19.8 on net income, and $.09 on earnings per share.

Additional Cash Flow Information

Cash paid for interest and taxes was as follows:

	2009	2008	2007
Interest (net of amounts capitalized)	**$ 127.6**	$ 159.5	$ 141.3
Taxes (net of refunds)	**124.5**	237.2	248.7

Subsequent Events

The Company has evaluated subsequent events for potential recognition and/or disclosure through 25 November 2009, the date the consolidated financial statements included in this Annual Report on Form 10-K were issued. There were no subsequent events required to be recognized or disclosed in the financial statements.

Table of Contents

22. Summary by Quarter (Unaudited)

These tables summarize the unaudited results of operations for each quarter of 2009 and 2008:

2009	First	Second	Third	Fourth	Total
Sales	**$2,195.3**	**$1,955.4**	**$1,976.2**	**$2,129.3**	**$8,256.2**
Global cost reduction plan (A)	**174.2**	**—**	**124.0**	**—**	**298.2**
Customer bankruptcy (B)	**—**	**—**	**22.2**	**—**	**22.2**
Pension settlement (C)	**—**	**—**	**8.0**	**2.7**	**10.7**
Operating income (A)(B)(C)(D)	**114.1**	**260.4**	**143.8**	**328.0**	**846.3**
Income from continuing operations (A)(B)(C)(D)	**90.0**	**189.3**	**114.6**	**246.0**	**639.9**
Income (loss) from discontinued operations (E)	**(21.4)**	**16.3**	**(1.4)**	**(2.1)**	**(8.6)**
Net income (A)(B)(C)(D)(E)	**68.6**	**205.6**	**113.2**	**243.9**	**631.3**
Basic earnings per common share					
Income from continuing operations	**.43**	**.90**	**.55**	**1.17**	**3.05**
Income (loss) from discontinued operations	**(.10)**	**.08**	**(.01)**	**(.01)**	**(.04)**
Net income	**.33**	**.98**	**.54**	**1.16**	**3.01**
Diluted earnings per common share					
Income from continuing operations (A)(B)(C)(D)	**.42**	**.89**	**.54**	**1.14**	**3.00**
Income (loss) from discontinued operations (E)	**(.10)**	**.08**	**(.01)**	**(.01)**	**(.04)**
Net income (A)(B)(C)(D)(E)	**.32**	**.97**	**.53**	**1.13**	**2.96**
Dividends declared per common share	**.44**	**.45**	**.45**	**.45**	**1.79**
Market price per common share: High	**68.51**	**60.20**	**69.93**	**80.60**	
Low	**41.46**	**43.44**	**54.73**	**60.52**	

(A) First quarter after-tax impact of $116.1, or $.55 per share, third quarter after-tax impact of $84.2, or $.39 per share.

(B) After-tax impact of $14.5, or $.07 per share.

(C) Third quarter after-tax impact of $5.0, or $.02 per share.

(D) Third quarter included a charge of $9.9 ($6.5 after-tax, or $.03 per share) for other asset actions, which consisted of the closure of certain manufacturing facilities.

(E) First quarter included an impairment charge of $48.7 ($30.9 after-tax, or $.15 per share), reflecting a revision in the estimated net realizable value of the U.S. Healthcare business. Also, a tax benefit of $8.8, or $.04 per share, was recorded to revise the estimated tax benefit related to previously recognized impairment charges.

Second quarter included an additional tax benefit of $16.7, or $.08 per share, associated with previously recognized impairment charges.

2008	First	Second	Third	Fourth	Total
Sales	$2,407.4	$2,542.7	$2,749.7	$2,714.7	$10,414.5
Pension settlement (A)	1.4	26.3	1.0	1.6	30.3
Operating income (A)(B)	380.4	348.6	393.7	373.1	1,495.8
Income from continuing operations (A)(B)	262.3	259.8	295.0	273.4	1,090.5
Income (loss) from discontinued operations (C)	1.4	54.5	(224.9)	(11.8)	(180.8)
Net income (A)(B)(C)	263.7	314.3	70.1	261.6	909.7
Basic earnings per common share					
Income from continuing operations	1.22	1.22	1.40	1.30	5.14
Income (loss) from discontinued operations	.01	.26	(1.07)	(.06)	(.85)
Net income	1.23	1.48	.33	1.24	4.29
Diluted earnings per common share					
Income from continuing operations (A)(B)	1.18	1.18	1.35	1.26	4.97
Income (loss) from discontinued operations (C)	.01	.25	(1.03)	(.05)	(.82)
Net income (A)(B)(C)	1.19	1.43	.32	1.21	4.15
Dividends declared per common share	.38	.44	.44	.44	1.70
Market price per common share: High	105.02	98.80	106.06	100.14	
Low	92.05	80.73	92.20	65.05	

(A) Second quarter after-tax impact of $16.5, or $.08 per share.

(B) Fourth quarter included a net loss of $14.7 ($10.7 after-tax, or $.05 per share) related to property damage at an NF_3 production facility in Korea.

(C) Second quarter included a gain of $89.5 ($57.7 after-tax, or $.26 per share) for the sale of the Company’s interest in its VAE polymers joint ventures to Wacker Chemie AG.

Third quarter included an impairment charge of $314.8 ($237.0 after-tax, or $1.09 per share) related to the U.S. Healthcare business, and a gain of $30.5 ($18.5 after-tax, or $.08 per share) in connection with the sale of the Elkton and Piedmont facilities which completed the disposal of the Company’s Polymer Emulsions business.

Fourth quarter included a charge of $14.4 ($9.2 after-tax, or $.04 per share) for the write-down of the U.S. Healthcare business to net realizable value.

23. Business Segment and Geographic Information

The Company’s segments are organized based on differences in product and/or type of customer. The Company has four business segments consisting of Merchant Gases, Tonnage Gases, Electronics and Performance Materials, and Equipment and Energy.

Merchant Gases

The Merchant Gases segment sells atmospheric gases such as oxygen, nitrogen, and argon (primarily recovered by the cryogenic distillation of air), process gases such as hydrogen and helium (purchased or refined from crude helium), and medical and specialty gases, along with certain services and equipment, throughout the world to customers in many industries, including those in metals, glass, chemical processing, food processing, healthcare, steel, general manufacturing, and petroleum and natural gas industries. There are four principal types of products: liquid bulk, packaged gases, small on-site plants, and healthcare products. Most merchant product is delivered via bulk supply, in liquid or gaseous form, by tanker or tube trailer. Smaller quantities of industrial, specialty, and medical gases are delivered in cylinders and dewars as “packaged gases,” or through small on-sites (cryogenic or noncryogenic generators). Through its healthcare business, the Company offers respiratory therapies, home medical equipment, and infusion services, primarily in Europe. Electricity is the largest cost component in the production of atmospheric gases. Natural gas is also an energy source at a number of the Company’s Merchant Gases facilities. The Company mitigates energy and natural gas prices through pricing formulas and surcharges. Merchant Gases competes worldwide against global industrial gas companies and several regional sellers. Competition in industrial gases is based primarily on price, reliability of supply, and the development of industrial gas applications. Competition in the healthcare business involves price, quality, service, and reliability of supply.

Tonnage Gases

Tonnage Gases provides hydrogen, carbon monoxide, nitrogen, oxygen, and syngas principally to the energy production and refining, chemical, and metallurgical industries worldwide. The Tonnage Gases segment also includes the Company's Polyurethane Intermediates (PUI) business. The PUI business markets toluene diamine to customers under long-term contracts. For large-volume, or "tonnage" industrial gas users, the Company either constructs a gas plant adjacent to or near the customer's facility—hence the term "on-site"—or delivers product through a pipeline from a nearby location. The Company is the world's largest provider of hydrogen, which is used by refiners to lower the sulfur content of gasoline and diesel fuels to reduce smog and ozone depletion. Electricity is the largest cost component in the production of atmospheric gases, and natural gas is the principal raw material for hydrogen, carbon monoxide, and syngas production. The Company mitigates energy and natural gas price changes through its long-term cost pass-through type contracts. Tonnage Gases competes against global industrial gas companies, as well as regional competitors. Competition is based primarily on price, reliability of supply, the development of applications that use industrial gases and, in some cases, provision of other services or products such as power and steam generation. The Company also derives a competitive advantage from its pipeline networks which enable it to provide reliable and economic supply of products to customers.

Electronics and Performance Materials

The Electronics and Performance Materials segment employs applications technology to provide solutions to a broad range of global industries through expertise in chemical synthesis, analytical technology, process engineering, and surface science. This segment provides specialty and tonnage gases, specialty chemicals, services, and equipment to the electronics industry for the manufacture of silicon and compound semiconductors, LCD and other displays, and photovoltaic devices. The segment also provides performance chemical solutions for the coatings, inks, adhesives, civil engineering, personal care, institutional and industrial cleaning, mining, oil field, polyurethane, and other industries. The Electronics and Performance Materials segment faces competition on a product-by-product basis against competitors 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, technical innovation, service, and global infrastructure.

Equipment and Energy

The Equipment and Energy segment designs and manufactures cryogenic and gas processing equipment for air separation, hydrocarbon recovery and purification, natural gas liquefaction (LNG), and helium distribution, and serves energy markets in a variety of ways. Equipment is sold worldwide to customers in a variety of industries, including chemical and petrochemical manufacturing, oil and gas recovery and processing, and steel and primary metals processing. Energy markets are served through the Company's operation and partial ownership of cogeneration and flue gas desulphurization facilities, its development of hydrogen as an energy carrier, and oxygen-based technologies to serve energy markets in the future. Equipment and Energy competes with a great number of firms for all of its offerings except LNG heat exchangers, for which there are fewer competitors due to the limited market size and proprietary technologies. Competition is based primarily on technological performance, service, technical know-how, price, and performance guarantees.

Other

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 businesses now reported as discontinued operations. Also included are LIFO inventory adjustments, as the business segments use FIFO and the LIFO pool adjustments are not allocated to the business segments. Corporate general and administrative costs and research and development costs are fully allocated to the business segments.

Other assets include cash, restricted cash, deferred tax assets, pension assets, financial instruments, and corporate assets previously allocated to businesses now reported as discontinued operations.

Customers

The Company has a large number of customers, and no single customer accounts for a significant portion of annual sales.

Accounting Policies

The accounting policies of the segments are the same as those described in Note 1. The Company evaluates the performance of segments based upon reported segment operating income. Operating income of the business segments includes general corporate expenses. Intersegment sales are not material and are recorded at selling prices that approximate market prices. Equipment manufactured for the Company's industrial gas business is generally transferred at cost and not reflected as an intersegment sale. Long-lived assets include investment in net assets of and advances to equity affiliates, net plant and equipment, goodwill, and net intangible assets.

Business Segments

Business segment information is shown below:

Revenue from External Customers	2009	2008	2007
Merchant Gases	**$3,610.6**	$ 4,192.7	$3,556.9
Tonnage Gases	**2,573.6**	3,574.4	2,936.7
Electronics and Performance Materials	**1,582.2**	2,209.3	2,068.7
Equipment and Energy	**489.8**	438.1	585.9
Segment and Consolidated Totals	**$8,256.2**	$10,414.5	$9,148.2

Operating Income	2009	2008	2007
Merchant Gases	**$ 661.2**	$ 789.5	$ 656.4
Tonnage Gases	**399.6**	482.6	426.4
Electronics and Performance Materials	**101.6**	245.9	229.2
Equipment and Energy	**42.2**	38.9	76.8
Segment Total	**$1,204.6**	$1,556.9	$1,388.8
Global cost reduction plan (A)	**(298.2)**	—	(13.7)
Customer bankruptcy and asset actions	**(32.1)**	—	—
Customer contract settlement	—	—	36.8
Pension settlement	**(10.7)**	(30.3)	(10.3)
Other	**(17.3)**	(30.8)	(26.0)
Consolidated Total	**$ 846.3**	$1,495.8	$1,375.6

(A) Information about how this charge related to the businesses at the segment level is discussed in Note 3.

Depreciation and Amortization	2009	2008	2007
Merchant Gases	**$ 372.3**	$ 370.2	$ 332.0
Tonnage Gases	**272.2**	278.9	271.0
Electronics and Performance Materials	**178.2**	208.0	171.7
Equipment and Energy	**15.9**	11.8	14.1
Segment Total	**$ 838.6**	$ 868.9	$ 788.8
Other	**1.7**	.1	1.0
Consolidated Total	**$ 840.3**	$ 869.0	$ 789.8

Equity Affiliates' Income	2009	2008	2007
Merchant Gases	**$ 98.3**	$ 131.8	$ 97.8
Other segments	**13.9**	13.2	16.6
Segment and Consolidated Totals	**$ 112.2**	$ 145.0	$ 114.4

Total Assets	2009	2008	2007
Merchant Gases	**$ 5,630.8**	$ 5,565.9	$ 5,081.7
Tonnage Gases	**3,672.0**	3,397.8	3,387.7
Electronics and Performance Materials	**2,299.1**	2,388.8	2,481.2
Equipment and Energy	**333.8**	328.3	393.2
Segment Total	**$11,935.7**	$11,680.8	$11,343.8
Other	**1,088.4**	775.2	402.5
Discontinued operations	**5.0**	115.3	913.2
Consolidated Total	**$13,029.1**	$12,571.3	$12,659.5

Table of Contents

Investment in and Advances to Equity Affiliates	2009	2008	2007
Merchant Gases	**$ 713.8**	$ 684.3	$ 642.3
Other segments	**154.3**	138.3	135.8
Segment and Consolidated Totals	**$ 868.1**	$ 822.6	$ 778.1

Identifiable Assets	2009	2008	2007
Merchant Gases	**$ 4,917.0**	$ 4,881.6	$ 4,439.4
Tonnage Gases	**3,597.8**	3,335.4	3,328.4
Electronics and Performance Materials	**2,249.5**	2,341.0	2,435.3
Equipment and Energy	**303.3**	300.2	362.6
Segment Total	**$11,067.6**	$10,858.2	$10,565.7
Other	**1,088.4**	775.2	402.5
Discontinued operations	**5.0**	115.3	845.3
Consolidated Total	**$12,161.0**	$11,748.7	$11,813.5

Expenditures for Long-Lived Assets	2009	2008	2007
Merchant Gases	**$ 515.4**	$ 593.0	$ 888.6
Tonnage Gases	**556.5**	387.9	435.9
Electronics and Performance Materials	**165.2**	198.8	210.5
Equipment and Energy	**9.8**	2.3	9.9
Segment Total	**$1,246.9**	$1,182.0	$1,544.9
Other	**1.1**	1.7	1.6
Consolidated Total	**$1,248.0**	$1,183.7	$1,546.5

Geographic Information

Geographic information is presented below:

Revenues from External Customers	2009	2008	2007
United States	**$3,779.8**	$ 4,845.1	$4,487.6
Canada	**238.6**	241.2	185.1
Europe	**2,765.1**	3,448.0	2,873.5
Asia	**1,294.2**	1,661.3	1,436.9
Latin America	**178.5**	218.9	165.1
	$8,256.2	$10,414.5	$9,148.2

Long-Lived Assets	2009	2008	2007
United States	**$3,180.7**	$3,017.0	$3,007.4
Canada	**535.2**	441.9	442.5
Europe	**2,873.3**	3,048.6	2,949.5
Asia	**1,973.0**	1,815.3	1,769.7
Latin America	**261.1**	255.0	224.1
All other	**83.0**	77.3	81.0
	$8,906.3	$8,655.1	$8,474.2

Geographic information is based on country of origin. Included in United States revenues are export sales to unconsolidated customers of $510.2 in 2009, $629.1 in 2008, and $677.3 in 2007. 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.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not Applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Under the supervision of the Chief Executive Officer and Chief Financial Officer, the Company's management conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of 30 September 2009. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of its disclosure controls and procedures have been effective. There has been no change in the Company's internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) which have occurred during the quarter ended 30 September 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting is provided under Item 8 appearing above. The report of KPMG LLP, the Company's independent registered public accounting firm, regarding the Company's internal control over financial reporting, is also provided under Item 8 appearing above.

ITEM 9B. OTHER INFORMATION

Not Applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The biographical information relating to the Company's directors, appearing in the Proxy Statement relating to the Company's 2010 Annual Meeting of Shareholders (the 2010 Proxy Statement) under the section "The Board of Directors," is incorporated herein by reference. Biographical information relating to the Company's executive officers is set forth in Item 1 of Part I of this Report.

Information on Section 16(a) Beneficial Ownership Reporting Compliance, appearing in the 2010 Proxy Statement under the section "Air Products Stock Beneficially Owned by Officers and Directors," is incorporated herein by reference.

The Company has adopted a Code of Conduct that applies to all employees, including the Chief Executive Officer, the Chief Financial Officer, and the Controller. The Code of Conduct can be found at the Company's Internet website at www.airproducts.com/Responsibility/Governance/Code_of_Conduct/EmployeeCodeofConduct/message.htm.

Information on the Company's procedures regarding its consideration of candidates recommended by shareholders and a procedure for submission of such candidates, appearing in the 2010 Proxy Statement under the section "Selection of Directors," is incorporated by reference. Information on the Company's Audit Committee and its Audit Committee Financial Expert, appearing in the 2010 Proxy Statement under the section "Audit Committee," is incorporated by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information under "Compensation of Executive Officers" which includes "Report of the Management Development and Compensation Committee," "Compensation Discussion and Analysis," "Executive Compensation Tables," "Potential Payments Upon Termination or Change in Control," and "Information About Stock Ownership," appearing in the 2010 Proxy Statement, is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information set forth in the sections headed “Persons Owning More than 5% of Air Products Stock as of September 30, 2009,” “Air Products Stock Beneficially Owned by Officers and Directors as of November 1, 2009,” and “Equity Compensation Plan Information,” appearing in the Proxy Statement relating to the Company’s 2010 Annual Meeting of Shareholders, is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information appearing in the 2010 Proxy Statement under the sections “Director Independence” and “Transactions with Related Persons” is incorporated by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information appearing in the 2010 Proxy Statement under the section “Fees of Independent Registered Public Accountant,” is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as a part of this report:

(1) The Company’s 2009 consolidated financial statements and the Report of the Independent Registered Public Accounting Firm are included in Part II, Item 8.

(2) Financial Statement Schedules—the following additional information should be read in conjunction with the consolidated financial statements in the Company’s 2009 consolidated financial statements.

Schedule II Valuation and Qualifying Accounts for the three fiscal years ended 30 September 2009 — 95

All other schedules are omitted because the required matter or conditions are not present or because the information required by the Schedules is submitted as part of the consolidated financial statements and notes thereto.

(3) Exhibits—The exhibits filed as a part of this Annual Report on Form 10-K are listed in the Index to Exhibits located on page 96 of this Report.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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)

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

Date: 25 November 2009

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature and Title	Date
/s/ John E. McGlade (John E. McGlade) Director, Chairman, President, and Chief Executive Officer (Principal Executive Officer)	25 November 2009
/s/ M. Scott Crocco (M. Scott Crocco) Vice President and Corporate Controller (Principal Accounting Officer)	25 November 2009
* (Mario L. Baeza) Director	25 November 2009
* (William L. Davis, III) Director	25 November 2009
* (Michael J. Donahue) Director	25 November 2009
* (Ursula O. Fairbairn) Director	25 November 2009
* (W. Douglas Ford) Director	25 November 2009
* (Edward E. Hagenlocker) Director	25 November 2009
* (Evert Henkes) Director	25 November 2009

Table of Contents

Signature and Title	Date
* (Margaret G. McGlynn) Director	25 November 2009
* (Charles H. Noski) Director	25 November 2009
* (Lawrence S. Smith) Director	25 November 2009

* Mary T. Afflerbach, Corporate Secretary and Chief Governance Officer, by signing her name hereto, does sign this document on behalf of the above noted individuals, pursuant to a power of attorney duly executed by such individuals, which is filed with the Securities and Exchange Commission herewith.

/s/ Mary T. Afflerbach
Mary T. Afflerbach
Attorney-in-Fact

Date: 25 November 2009

Table of Contents

AIR PRODUCTS AND CHEMICALS, INC. AND SUBSIDIARIES

SCHEDULE II–VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended 30 September 2009, 2008, and 2007

		Additions		Other Changes Increase (Decrease)		
Description	Balance at Beginning of Period	Charged to Expense	Charged to Other Accounts	Cumulative Translation Adjustment	Other (A)	Balance at End of Period
		(in millions of dollars)				
Year Ended 30 September 2009						
Allowance for doubtful accounts	$36	$ 24	$14	$ 1	$(10)	$65
Allowance for deferred tax assets	61	(30)	—	1	—	32
Year Ended 30 September 2008						
Allowance for doubtful accounts	$33	$ 10	$ 4	$—	$(11)	$36
Allowance for deferred tax assets	33	36	—	—	(8)	61
Year Ended 30 September 2007						
Allowance for doubtful accounts	$29	$ 7	$ 4	$ 1	$ (8)	$33
Allowance for deferred tax assets	37	(3)	—	(1)	—	33

Note:

(A) Primarily write-offs of uncollectible trade receivable accounts and tax valuation allowances.

INDEX TO EXHIBITS

Exhibit No.	Description
(3)	Articles of Incorporation and By-Laws.
3.1	Amended and Restated By-Laws of the Company. (Filed as Exhibit 3 to the Company's Form 8-K Report dated 24 November 2008.)*
3.2	Restated Certificate of Incorporation of the Company. (Filed as Exhibit 3.2 to the Company's Form 10-K Report for the fiscal year ended 30 September 1987.)*
3.3	Amendment to the Restated Certificate of Incorporation of the Company dated 25 January 1996. (Filed as Exhibit 3.3 to the Company's Form 10-K Report for the fiscal year ended 30 September 1996.)*
(4)	Instruments defining the rights of security holders, including indentures. Upon request of the Securities and Exchange Commission, the Company hereby undertakes to furnish copies of the instruments with respect to its long-term debt.
4.1	Indenture, dated as of January 18, 1985, between the Company and The Chase Manhattan Bank (National Association), as Trustee. (Filed as Exhibit 4(a) to the Company's Registration Statement No. 33-36974.)*
4.2	Indenture, dated as of January 10, 1995, between the Company and The Bank of New York Trust Company, N.A. (formerly Wachovia Bank, National Association and initially First Fidelity Bank, National Association), as Trustee. (Filed as Exhibit 4(a) to the Company's Registration Statement No. 33-57357.)*
(10)	Material Contracts.
10.1	1990 Deferred Stock Plan of the Company, as amended and restated effective 1 October 1989. (Filed as Exhibit 10.1 to the Company's Form 10-K Report for the fiscal year ended 30 September 1989.)*
10.2	Stock Option Program for Directors of the Company, formerly known as the Stock Option Plan for Directors. Effective 23 January 2003, this Plan was combined with the Long-Term Incentive Plan and offered as a program thereunder. (Filed as Exhibit 10.5 to the Company's Form 10-K Report for the fiscal year ended 30 September 2004.)*
10.3	Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Defined Benefit Pension Plans dated as of 1 August 1999. (Filed as Exhibit 10.13 to the Company's Form 10-K Report for the fiscal year ended 30 September 1999.)*
10.3(a)	Amendment No. 1 to the Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Defined Benefit Pension Plans, adopted 1 January 2000. (Filed as Exhibit 10.13(a) to the Company's Form 10-K Report for the fiscal year ended 30 September 2000.)*
10.3(b)	Amendment No. 2 to the Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Defined Benefit Pension Plans, adopted 11 April 2007. (Filed as Exhibit 10.7(b) to the Company's Form 10-K Report for the fiscal year ended 30 September 2007.)*
10.4	Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Supplementary Savings Plan dated as of 1 August 1999. (Filed as Exhibit 10.14 to the Company's Form 10-K Report for the fiscal year ended 30 September 1999.)*
10.4(a)	Amendment No. 1 to the Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Supplementary Savings Plan, adopted 1 January 2000. (Filed as Exhibit 10.14(a) to the Company's Form 10-K Report for the fiscal year ended 30 September 2000.)*

Exhibit No.	Description
10.4(b)	Amendment No. 2 to the Amended and Restated Trust Agreement by and between the Company and PNC Bank, N.A. relating to the Defined Contribution Plans, adopted 11 April 2007. (Filed as Exhibit 10.8(b) to the Company's Form 10-K Report for the fiscal year ended 30 September 2007.)*
10.5	Form of Award Agreement under the Long-Term Incentive Plan of the Company, used for the FY 2004 awards. (Filed as Exhibit 10.2 to the Company's Form 10-Q Report for the quarter ended 31 December 2003.)*
10.6	Annual Incentive Plan as Amended and Restated Effective 1 October 2008. (Filed as Exhibit 10.7 to the Company's Form 10-Q Report for the period ended 31 March 2009.)*
10.7	Stock Incentive Program of the Company effective 1 October 1996. (Filed as Exhibit 10.21 to the Company's Form 10-K Report for the fiscal year ended 30 September 2002.)*
10.8	Form of Award Agreement under the Long-Term Incentive Plan of the Company used for the FY 2005 awards. (Filed as Exhibit 10.1 to the Company's Form 10-Q Report for the quarter ended 31 December 2004.)*
10.9	Amended and Restated Deferred Compensation Program for Directors, effective 1 October 2005. (Filed as Exhibit 10.26 to the Company's Form 10-K Report for the fiscal year ended 30 September 2005.)*
10.10	Form of Award Agreement under the Long-Term Incentive Plan of the Company, used for FY 2006 awards. (Filed as Exhibit 10.1 to the Company's Form 10-Q Report for the quarter ended 31 December 2005.)*
10.11	Amended and Restated Long-Term Incentive Plan of the Company, effective 26 January 2006. (Filed as Exhibit 10.1 to the Company's Form 10-Q Report for the quarter ended 31 March 2006.)*
10.11(a)	Amendments to the Amended and Restated Long-Term Incentive Plan of the Company dated 18 May 2006 and 21 September 2006. (Filed as Exhibit 10.22(a) to the Company's Form 10-K Report for the fiscal year ended 30 September 2006.)*
10.11(b)	Amendment to the Amended and Restated Long-Term Incentive Plan of the Company dated 17 May 2007. (Filed as Exhibit 10.17(b) to the Company's Form 10-K Report for the fiscal year ended 30 September 2008.)*
10.11(c)	Amendment to the Amended and Restated Long-Term Incentive Plan of the Company dated 1 January 2008. (Filed as Exhibit 10.17(c) to the Company's Form 10-K Report for the fiscal year ended 30 September 2008.)*
10.12	Compensation Program for Directors effective 1 October 2008. (Filed as Exhibit 10.20 to the Company's Form 10-K Report for the fiscal year ended 30 September 2008.)*
10.13	Form of Award Agreement under the Long-Term Incentive Plan of the Company, used for FY 2007 awards. (Filed as Exhibit 10.1 to the Company's Form 10-Q Report for the quarter ended 31 December 2006.)*
10.14	Air Products and Chemicals, Inc. Retirement Savings Plan as amended and restated effective 1 October 2006 to reflect amendments through 30 September 2007. (Filed as Exhibit 10.27 to the Company's Form 10-K Report for the fiscal year ended 30 September 2007.)*
10.14(a)	Amendment No. 1 to the Air Products and Chemicals, Inc. Retirement Savings Plan, as Amended and Restated Effective 1 October 2006. (Filed as Exhibit 10.6 to the Company's Form 10-Q Report for the period ended 31 March 2009.)*
10.15	Form of Award Agreement under the Long-Term Incentive Plan of the Company, used for FY 2008 awards. (Filed as Exhibit 10.1 to the Company's Form 10-Q Report for the quarter ended 31 December 2007.)*
10.16	Form of Change in Control Severance Agreement for Corporate Executive Committee. (Filed as Exhibit 10.1 to the Company's Form 8-K Report filed on 20 December 2007.)*

Exhibit No.	Description
10.17	Form of Award Agreement under the Long-Term Incentive Plan of the Company, used for FY 2009 Awards. (Filed as Exhibit 10.1 to the Company's Form 10-Q Report for the quarter ended 31 December 2008.)*
10.18	Supplementary Pension Plan of Air Products and Chemicals, Inc. as Amended and Restated Effective January 1, 2008. (Filed as Exhibit 10.2 to the Company's Form 10-Q Report for the period ended 31 March 2009.)*
10.18(a)	Amendment No. 1 to the Supplementary Pension Plan of Air Products and Chemicals, Inc., as Amended and Restated Effective January 1, 2008. (Filed as Exhibit 10.3 to the Company's Form 10-Q Report for the period ended 31 March 2009.)*
10.18(b)	Amendment No. 2 to the Supplementary Pension Plan of Air Products and Chemicals, Inc., as Amended and Restated Effective January 1, 2008. (Filed as Exhibit 10.4 to the Company's Form 10-Q Report for the period ended 31 March 2009.)*
10.18(c)	Amendment No. 3 to the Supplementary Pension Plan of Air Products and Chemicals, Inc., as Amended and Restated Effective January 1, 2008. (Filed as Exhibit 10.5 to the Company's Form 10-Q Report for the period ended 31 March 2009.)*
10.19	Corporate Executive Committee Separation Program as Amended Effective as of March 18, 2009.
10.20	Deferred Compensation Plan as Amended and Restated January 1, 2009.
12	Computation of Ratios of Earnings to Fixed Charges.
14	Code of Conduct. (Filed as Exhibit 14 to the Company's Form 10-K Report for the fiscal year ended 30 September 2005.)*
21	Subsidiaries of the registrant.
(23)	Consents of Experts and Counsel.
23.1	Consent of Independent Registered Public Accounting Firm.
24	Power of Attorney.
(31)	Rule 13a-14(a)/15d-14(a) Certifications.
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)	Section 1350 Certifications.
32.1	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.†
101.INS	XBRL Instance Document††
101.SCH	XBRL Taxonomy Extension Schema††
101.CAL	XBRL Taxonomy Extension Calculation Linkbase††
101.LAB	XBRL Taxonomy Extension Label Linkbase††
101.PRE	XBRL Taxonomy Extension Presentation Linkbase††
101.DEF	XBRL Taxonomy Extension Definition Linkbase††

* Previously filed as indicated and incorporated herein by reference. Exhibits incorporated by reference are located in SEC File No. 1-4534.

† The certification attached as Exhibit 32.1 that accompanies this Annual Report on Form 10-K, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of Air Products and Chemicals, Inc. under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date of this Form 10-K, irrespective of any general incorporation language contained in such filing.

†† In accordance with Rule 402 of Regulation S-T, the information in these exhibits shall not be deemed to be "filed" for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Exhibit 10.19

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

As Amended Effective as of March 18, 2009

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 will 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 severance payment equal to *one times* (in the case of the CEO, *two times*) the sum of: (I) the Covered Executive's Salary and (II) the average of the Annual Incentive Plan awards received by the Covered Executive for the last three fiscal years (or, if less, the number of fiscal years for which the Covered Executive has received Annual Incentive Plan awards).

(b) A lump sum cash payment which shall be equal to the product of: (I) the average of the Annual Incentive Plan awards received by the Covered Executive for the last three fiscal years (or, if less, the number of fiscal years for which the Covered Executive has received Annual Incentive Plan awards) and (II) 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 difference between the actuarial present values as of the Employment Termination Date of (A) the Covered Executive's accrued vested pension benefits payable at age 65 under the Pension Plans and (B) 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; including 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; and assuming 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. The interest rate used for such purposes shall be the average of the average monthly yields for municipal bonds published monthly by Moody's 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 sum of: (A) 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 (I) the Covered Executive remained actively employed by the Company during such period, (II) 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 (III) 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 preceding 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; and (B) any early retirement subsidy available under the Pension Plans (as in effect immediately prior to the beginning of the Contract Period) for which the Covered Executive is not eligible solely due to termination before satisfying age and service requirements for such subsidy and assuming that his or her benefit under the Pension Plans will commence in the form of a straight life annuity on the later of the Employment Termination Date or the date on which he or she could retire and commence a benefit and otherwise calculated on the basis of the assumptions describe in clause (i) above.

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 death of 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 to be determined by multiplying (A) the number of shares or units that would have been earned by the Covered Executive under each such award at the level of performance determined by the Committee at the end of the applicable performance cycle for other senior executives of the Company by (B) a fraction, the numerator of which is the number of full months that have elapsed between the beginning of the applicable performance period and he Covered Executive's Employment Termination Date and the denominator of which is the number of full months in such performance period. Payments in respect of such vested awards shall be made within 30 days of the Committee's decision.

(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.

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 Beneficiary as 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.

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 law’s 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 10.20

AIR PRODUCTS AND CHEMICALS, INC.
DEFERRED COMPENSATION PLAN

AS AMENDED AND RESTATED
EFFECTIVE JANUARY 1, 2009

TABLE OF CONTENTS

Preamble	1
Article 1 Purpose of the Plan	1
Section 1.1 Purpose	1
Article 2 Definitions	2
Section 2.1 Definitions	2
Section 2.2 Gender and Number	9
Article 3 Deferral Elections	9
Section 3.1 Deferral Elections	9
Article 4 Accounting and Valuation	11
Section 4.1 Accounting for Elective Deferrals, Core Credits, Matching Credits, Bonus Deferrals, Deferred Special Bonus and Earnings	11
Section 4.2 Deferred Company Stock Account	13
Section 4.3 Statements to Participants	15
Article 5 Vesting and Distribution	16
Section 5.1 Vesting	16
Section 5.2 Eligibility for Distribution	16
Section 5.3 Form of Payment and Commencement of Distribution to Participants	17
Section 5.4 Change in Control	21
Article 6 Administration	21
Section 6.1 Plan Administration and Interpretation	21
Section 6.2 Claim and Appeal Procedure	22
Article 7 Funding	24
Section 7.1 Benefits Unfunded	24
Section 7.2 Non-qualified Plan	24
Section 7.3 ERISA	24
Article 8 Amendment and Termination	25
Section 8.1 Amendment and Termination	25
Article 9 General Provisions	26
Section 9.1 Non-alienation of Benefits	26
Section 9.2 Contractual Obligations	26
Section 9.3 No Employment Rights	27
Section 9.4 Minor or Incompetent	27
Section 9.5 Unclaimed Amounts	27
Section 9.6 Payee Unknown	27
Section 9.7 Illegal or Invalid Provision	28
Section 9.8 Governing Law and Headings	28
Section 9.9 Liability Limitation	28
Section 9.10 Notices	28
Section 9.11 Entire Agreement	29
Section 9.12 Binding Effect	29

AIR PRODUCTS AND CHEMICALS, INC.

DEFERRED COMPENSATION PLAN

As Restated Effective January 1, 2009

Preamble

WHEREAS, Air Products and Chemicals, Inc. (the “Company”) established, effective October 1, 1983, a nonqualified savings plan named the Supplementary Savings Plan (the “Plan”) for employees whose participation in the Air Products and Chemicals, Inc. Retirement Savings Plan (formerly the “Retirement Savings and Stock Ownership Plan,” hereinafter referred to as “the Savings Plan”) is limited due to certain provisions of the Internal Revenue Code (the “Code”), which Plan was thereafter amended and restated effective as of January 1, 1987, October 1, 1989, April 1, 1998, January 1, 2005 and January 1, 2008; and

WHEREAS, the Company wishes to restate the Plan.

NOW, THEREFORE, the Plan is hereby restated effective January 1, 2009, as set forth herein. The rights and benefits, if any, of a former employee shall be determined in accordance with the provisions of the Plan in effect on the date of his or her Separation from Service with the Company and all Employers except as required to comply in practice with the requirements of Code Section 409A.

Article 1

Purpose of the Plan

Section 1.1 Purpose. This Plan is a non-qualified, unfunded employee benefit plan established to provide supplementary and excess retirement savings benefits to a certain select group of management or highly compensated persons in the employ of Air Products and Chemicals, Inc. and participating subsidiaries.

Article 2

Definitions

Section 2.1 Definitions. Except as specifically provided herein, all capitalized terms shall have the meaning provided in the Savings Plan. As used herein, the following terms shall have the following meanings, unless the context clearly indicates otherwise:

(a) **“Annual Incentive Plan”** shall mean the Air Products and Chemicals, Inc. 2001 Annual Incentive Plan, as amended from time to time.

(b) **“Annual Salary”** shall mean the total annual salary of an Employee which would be payable by the Company or an Employer if the Employee made no Deferral Election under the Plan or any similar deferral election under the Savings Plan or other deferred compensation or cafeteria plan, excluding:

(1) Except as expressly provided herein, discretionary bonuses or awards, including, without limitation, Annual Incentive Plan awards, stock options, or other stock awards, scholastic aid, or payments and awards for suggestions and patentable inventions, other merit awards, expense allowances, and noncash compensation (including imputed income).

(2) Core Credits and Matching Credits under this Plan and Company Core Contributions and Company Matching Contributions under the Savings Plan; accruals or distributions under the Savings Plan and this Plan; and payments, accruals, and distributions under any severance or incentive plan or other retirement, pension, or profit-sharing plan of the Company or an Employer;

(3) Overtime payments, shift premium payments, commissions, mileage, and payments in lieu of vacation by the Company or an Employer; and

(4) All supplemental compensation from the Company or an Employer for domestic and overseas assignments, including without limitation, premium pay, cost of living and relocation allowances, mortgage interest allowances and forgiveness, tax-equalization payments, and other emoluments of such service.

(c) **"Beneficiary"** shall mean the person or persons, if any, designated by the Participant on a form provided by the Plan Administrator, or, in the event no such designation is made or the person or persons designated do not survive the Participant, shall mean the person(s), trust(s), or other recipient(s) who would be entitled to receive the balance of a Participant's accounts, if any, under the Savings Plan following the Participant's death. Any designation of a Beneficiary may be revoked or changed by the Participant at any time and from time to time prior to death without the consent of the Beneficiary.

(d) **"Board"** shall mean the board of directors of the Company or any Committee thereof acting on behalf of the Board pursuant to its charter or other delegation of power from the Board, or the Chairman of the Board acting pursuant to a delegation of authority from the Board.

(e) **"Bonus Deferrals"** shall mean deferred payment awards described in Section 5 of the Annual Incentive Plan or any predecessor provision thereof that are deferred pursuant to a Participant's Deferred Bonus Election described therein.

(f) **"Change in Control"** shall mean the first to occur of any one of the events described below:

(1) Change in Ownership. The date any one person, or more than one person acting as a group (as determined under 1.409A-3(i)(5)(v)(B)), acquires ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company. However, if any one person, or more than one person acting as a group, is considered to own more than 50% of the total fair market value or total voting power of the stock of the Company, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the Company. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this section.

(2) Change in Effective Control. The date any one person, or more than one person acting as a group (as determined under 1.409A-3(i)(5)(v)(B)), acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing 30% or more of the total voting power of the stock of the Company.

(3) Change in Board. The date a majority of members of the Company's Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's Board of Directors before the date of the appointment or election.

(g) **“Code”** shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) **“Claims Committee”** shall mean the committee appointed by the Vice President-Human Resources to review and determine appeals of claims arising under the Plan in accordance with Section 6.2.

(i) **“Common Stock”** shall mean common stock of the Company.

(j) **“Company”** shall mean Air Products and Chemicals, Inc. and any successor thereto by merger, purchase, or otherwise.

(k) **“Company Core Contributions”** shall mean Company Core Contributions made on behalf of a Participant under, and as defined in, the Savings Plan.

(l) **“Company Matching Contributions”** shall mean Company Matching Contributions made on behalf of a Participant under, and as defined in, the Savings Plan.

(m) **“Core Credits”** shall mean the amounts credited to a Participant’s Deferred Cash Account under Section 4.1(c) and (d).

(n) **“Deferral Election”** shall mean an election to defer Annual Salary made by an Employee as described in Section 3.1, including deemed elections.

(o) **“Deferred Bonus Election”** shall mean an election to defer all or a portion of an award under the Annual Incentive Plan made by an Employee in accordance with Section 5 of the Annual Incentive Plan or any successor provision thereto.

(p) **“Deferred Cash Account”** shall mean a Participant’s sub-account to which dollar denominated amounts attributable to Elective Deferrals, Matching Credits, Bonus Deferrals, Core Credits, deferred Special Bonus and related earnings are credited as described in Section 4.1 below.

(q) **“Deferred Company Stock Account”** shall mean a Participant’s sub-account to which company stock units are credited as described in Section 4.2 below.

(r) **“Deferred Compensation Account”** shall mean the account established for a Participant pursuant to Section 4.1 which consists of the Deferred Cash Account and the Deferred Company Stock Account.

(s) **“Disability”** shall mean any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Employee to be unable to perform the duties of his or her position of employment or any substantially similar position of employment.

(t) **“Elective Deferrals”** shall mean the deferrals under the Plan of all or a portion of each periodic installment of a Participant’s Annual Salary pursuant to the Participant’s Deferral Election.

(u) **“Employee”** shall mean any United States employee of the Company or an Employer who is eligible to participate in the Annual Incentive Plan.

(v) **“Employee Contributions”** shall mean Before-Tax Contributions and (should they become available to Employees) After-Tax Contributions to the Savings Plan.

(w) **“Employer”** shall mean each subsidiary or other affiliate of the Company, some or all of whose United States employees are participants in the Savings Plan or the Annual Incentive Plan, either collectively, or separately as to its Employees, as the context requires.

(x) **“ERISA”** shall mean the Employee Retirement Income Security Act of 1974, as amended and in effect from time to time.

(y) **“Key Employee”** shall mean any Employee or former Employee (not including a beneficiary of either in the event that such Employee or former Employee is deceased) who, on the first day of a Plan Year or any prior Plan Year for which benefits are accrued under this Plan, is classified as an Executive Officer for purposes of U.S. Securities Laws or is in salary grade 217 or above or the equivalent grade in any future grade structure of the Company where such grade indicates status as an officer; provided, the term Key Employee shall not include more than the highest paid 200 employees who otherwise meet this definition.

(z) **“Matching Credits”** shall mean the amounts credited to a Participant’s Deferred Compensation Account as of the last day of each pay period, or as soon as administratively feasible thereafter, pursuant to Section 4.1(b) representing Company Matching Contributions that would have been made to the Savings Plan on a Participant’s behalf if the Participant’s participation in the Savings Plan were not limited.

(aa) **“Participant”** shall mean an Employee or former Employee who (i) is making Elective Deferrals and/or Bonus Deferrals under the Plan, (ii) is receiving Matching Credits or Core Credits under the Plan, or (iii) otherwise has a Deferred Compensation Account.

(bb) **“Plan”** shall mean the Air Products and Chemicals, Inc. Deferred Compensation Plan, as set forth herein and as amended and in effect from time to time hereafter.

(cc) **“Plan Administrator”** shall mean the Company’s Director of Compensation and Benefits prior to February 1, 2006 and, thereafter, the Vice President — Human Resources, or such other person or entity to whom he delegates any of his responsibilities hereunder with respect to such delegated responsibilities.

(dd) **“Plan Year”** shall mean the twelve-month period beginning on October 1 of each calendar year and ending on September 30 of the following calendar year. A Plan Year shall be designated according to the calendar year in which such Plan Year ends (e.g., the 2006 Plan Year refers to the Plan Year beginning on October 1, 2005 and ending on September 30, 2006).

(ee) **“Savings Plan”** shall mean the Air Products and Chemicals, Inc. Retirement Savings Plan, as amended from time to time.

(ff) **“Separation from Service”** occurs when there is an expectation that the Employee has terminated employment and is expected permanently to render services at a level that is at least 60% less than the average level of services rendered over the preceding 36 months. A Separation from Service shall be deemed to occur in the case of a leave of absence exceeding six months (or 29 months if due to

Disability) where there is no legal or contractual right for the Employee to return to work.

(gg) **"Special Bonus"** shall mean a discretionary award granted to an Employee outside of the Annual Incentive Plan which is designated as eligible (or required) to be deferred by the Vice President — Human Resources. Only those Employees who would be eligible to participate in this Plan without regard to a Special Bonus shall be able to defer a Special Bonus under this Plan.

(hh) **"Tax Limitations"** shall mean Code sections 401(a), 415, 402(g), or 401(a)(17) to the extent such Code sections limit the benefits that may be provided to certain Participants under the Savings Plan and the Savings Plan provisions and administrative procedures adopted by the Plan Administrator to ensure compliance of the Savings Plan with such Code sections.

(ii) **"Vice President-Human Resources"** shall mean the Vice President-Human Resources of the Company.

Section 2.2 Gender and Number. Whenever used herein, the masculine pronoun shall include the feminine and vice versa. The singular shall include the plural and the plural shall include the singular whenever used herein, unless the context requires otherwise.

Article 3

Deferral Elections

Section 3.1 Deferral Elections.

(a) Except as provided in subsection (b), any Employee who is making Employee Contributions to the Savings Plan, will be deemed to have

made a Deferral Election to defer a portion of his or her Annual Salary under the Plan equal to the percentage of Annual Salary, not to exceed 16%, that the Employee elected to make as Employee Contributions to the Savings Plan as of December 31 of the prior calendar year, less the amount the Employee is eligible to contribute to the Savings Plan under the current Tax Limitations. Employee Contributions shall first be made to the Savings Plan in a given calendar year and then to the extent Employee Contributions exceed or would exceed Tax Limitations, Elective Deferrals shall be made to this Plan. The amount and timing of Elective Deferrals is determined based upon the percentage referred to above as it exists on December 31 of the prior calendar year and will be unaffected by any change in such election under the Savings Plan during the calendar year.

(b) Within 30 days of becoming an Employee, an Employee may elect not to make a Deferral Election for the remainder of the year or may affirmatively elect to defer a portion, not to exceed 16%, of his or her Annual Salary for the remainder of the year under the Plan, to the extent such portion cannot be contributed to the Savings Plan due to the Tax Limitations. Such an election shall be made in the time and manner determined by the Plan Administrator and may not be changed or terminated during the remainder of the calendar year In order to be effective, such deferral election must also be accompanied by a payout election which complies with section 5.3(c).

(c) An Employee may make a Deferred Bonus Election in accordance with Section 5 of the Annual Incentive Plan and, effective 1 September 2006, such Deferred Bonus shall be accounted for under this plan as provided in Article 4.

(d) Effective January 1, 2006, an Employee may elect to defer all or a portion of a Special Bonus granted to the Employee. Such election shall be made in the form and manner determined by the Plan Administrator which complies with Section 409A of the Code as to form and timing. An Employee's election to defer all or a portion of a Special Bonus may not be changed or terminated once such election is accepted by the Plan Administrator.

Article 4

Accounting and Valuation

Section 4.1 Accounting for Elective Deferrals, Core Credits, Matching Credits, Bonus Deferrals, Deferred Special Bonus and Earnings.

(a) A Deferred Compensation Account will be established and maintained for each Participant on the financial books and records of the Company or the Employer with respect to its Employees who are Participants, as a liability to the Participant. Each Participant's Deferred Compensation Account shall consist of two sub-accounts; a Deferred Cash Account and a Deferred Company Stock Account. Within each sub-account, the Plan Administrator shall separately account for amounts which are vested and unvested pursuant to Section 5.1.

(b) As of the last day of each pay period, or as soon as administratively feasible thereafter, a Participant's Deferred Cash Account will be credited with the amount of the Participant's Elective Deferrals for such period and a Matching Credit equal to the Company Matching Contribution that would have been made under the Savings Plan on account of the Participant's Elective Deferrals for the period if the Elective Deferrals had been Employee Contributions made under the Savings Plan.

(c) In the case of an Employee who is a Company Core Contribution Participant under the Savings Plan, as of the last day of each pay period, or as soon as administratively feasible thereafter, the Employee’s Deferred Cash Account will be credited with a Core Credit equal to the difference, if any, between the Company Core Contribution made to the Savings Plan for the period on behalf of the Participant and the Company Core Contribution that would have been made under the Savings Plan for the period on behalf of the Participant if the Company Core Contribution had not been limited by Tax Limitations.

(d) In the case of an Employee who is a Company Core Contribution Participant under the Savings Plan, as of the end of the first quarter of the Plan Year following a Plan Year for which an award under the Annual Incentive Plan is granted to the Employee (whether received all in cash or deferred in whole or part), or as soon as administratively feasible thereafter, the Employee’s Deferred Cash Account will be credited with a Company Core Contribution Core Credit equal to the percentage of the Annual Incentive Plan award indicated in the following table:

Employee’s Years of Service Under the Savings Plan	**Percentage of Annual Incentive Award Credited**
Less than 10	4
10-19	5
20 or more	6

(e) As of the end of the first quarter of the Plan Year following the Plan Year for which an award under the Annual Incentive Plan is granted to an Employee, or as soon as administratively feasible thereafter, the Employee’s Deferred Cash Account will be credited with any Bonus

Deferral deferred pursuant to the Employee's Deferred Bonus Election, if any.

(f) As of September 1, 2006, an Employee or former Employee who has a Deferred Cash Account under the Annual Incentive Plan shall have the balance in such Account transferred to a Deferred Cash Account under the Plan.

(g) As of the end of the vesting period described in Section 5.1, or as soon as administratively feasible thereafter, a Participant's Deferred Cash Account will be credited with the portion of a Special Bonus deferred by the Participant under Section 3.1(d) and earnings thereon.

(h) A Participant's Deferred Cash Account and Core Account will be credited with interest on the balance no less frequently than quarterly at the Moody's A-rated long-term industrial bond average rate; unless the Board determines that a different interest rate shall be used. In the event a different interest rate is determined to be used, it shall begin to apply as of a date on or following the date of such determination.

Section 4.2 Deferred Company Stock Account.

(a) While he is employed by the Company or an Employer, a Participant may elect, at the times and in the manner determined by the Plan Administrator, to have all or a portion of the amount credited to his Deferred Cash Account transferred to a Deferred Company Stock Account which is a sub-account deemed to be invested in Common Stock. The Participant's Deferred Company Stock Account shall be credited with the number of whole and fractional units obtained by dividing the amount he elects to transfer from his Deferred Cash Account by the fair market value of a share of Common Stock on the date credited (with the units thus calculated herein referred to as

"company stock units"). Prior to 1 October 2006, it may have been administratively impossible to credit fractional units so that only whole units were credited and any excess remained credited to the Participant's Deferred Cash Account. For purposes of the Plan, the fair market value of a share of Common Stock on any date shall be equal to the closing sales price on the New York Stock Exchange, as reported on the composite transaction tape, for such date, or, if no sales were quoted on such date, on the next following date on which sales are quoted. Amounts credited to the Deferred Company Stock Account may not be converted back to the Deferred Cash Account. In the case of the deferral of a Special Bonus, the ability to invest unvested amounts in the Deferred Company Stock Fund may be limited prior to vesting by the term of the award.

(b) As of September 1, 2006, an Employee or former Employee who has Deferred Company Stock Account under the Annual Incentive Plan shall have the balance under such Account transferred to a Deferred Company Stock Account under the Plan.

(c) Following the declaration of a cash dividend on the Common Stock, each Participant who has a Deferred Company Stock Account shall be credited with an amount equal to the cash dividends ("Dividend Equivalents") which would have been paid if the company stock units credited to such Account on the record date for such dividend had been issued and outstanding shares of Common Stock. Such Dividend Equivalents shall be credited to such Participant's Deferred Cash Account effective the payment date for such dividend occurred and shall therein accumulate interest as provided in paragraph 4.1(h) above.

(d) Following the declaration of a dividend payable in Common Stock, a Participant's Deferred Company Stock Account shall be credited with additional company stock units equivalent to the number of shares of Common Stock which would have been delivered if the company stock units credited to such Account on the record date for such dividend had been issued and outstanding shares of Common Stock. Such additional company stock units shall be credited to each Deferred Company Stock Account effective the payment date for such dividend occurred.

(e) In the event of any change in the outstanding shares of Common Stock by reason of any stock dividend or split, recapitalization, merger, consolidation, combination or exchange of shares, a rights offering to purchase Common Stock at a price substantially below fair market value, or other similar corporate change, an equitable adjustment shall be made so as to preserve, without increasing or decreasing, the value of a Participant's Deferred Company Stock Account. Equitable adjustments will be made so as to treat Participants in a similar manner as they would have been treated had their Deferred Company Stock Account held actual shares of stock. Such adjustments shall be made as determined by the Plan Administrator and shall be conclusive and binding for all purposes of the Plan.

Section 4.3 Statements to Participants. The Plan Administrator shall maintain such books and records as he deems necessary to administer the Plan and shall be responsible for determining the balance in the Participants' Deferred Compensation Account from time to time. Participants shall receive a statement at least once during each Plan Year which shows the balance in their Deferred Compensation Account. The Plan Administrator may, in such statements, elect to use sub-account designations in addition to or in lieu of Deferred Cash Account and Deferred Stock Account. The Plan Administrator may elect to satisfy the

requirements of this paragraph by making statements available to participants via a website or other electronic means.

Article 5

Vesting and Distribution

Section 5.1 Vesting. Subject to Sections 7.1 and 9.2, a Participant's Elective Deferrals, Matching Credits, Bonus Deferrals and earnings attributable thereto are 100% vested at all times; provided that a Participant's Bonus Deferrals shall be subject to the repayment and rescission provisions of paragraph 8(h) of the Annual Incentive Plan or any successor thereto. A Participant's Core Credits and earnings attributable thereto shall become vested and nonforfeitable at the same time as the Participant's Company Core Contributions and related investment earnings and losses under the Savings Plan become vested, as determined under the terms of the Savings Plan. A Participant's Special Bonus, to the extent deferred under Section 3.2(d), and earnings attributable thereto shall become vested and nonforfeitable under the terms as awarded to the Participant by the Company or an Employer and shall only be accounted for under this Plan once vested unless the terms of such award specifically allow for such amounts to be accounted for under this Plan while unvested.

Section 5.2 Eligibility for Distribution. No distributions will be made prior to a Participant's Separation from Service or death.

(a) **Separation from Service**. In the event of a Participant's Separation from Service, his Deferred Compensation Account shall be valued and distributed as provided in Section 5.3.

(b) **Death.** In the event of a Participant's death prior to a Separation from Service, his Deferred Compensation Account shall be valued as of the last day of the month in which the Participant's death occurs and

distributed to the Participant's Beneficiary as soon as practical thereafter. In the event of a Participant's death after a Separation from Service but before the Participant's entire Deferred Compensation Account has been distributed, the remaining amount due to the Participant shall be valued as of the last day of the month in which such Participant's death occurs and distributed to the Participant's Beneficiary in a lump sum as soon as practicable thereafter.

(c) **Tax Withholding**. All distributions from the Plan shall be subject to U.S. Federal income and other tax withholding as required by applicable law.

Section 5.3 Form of Payment and Commencement of Distribution to Participants.

(a) **Form and Manner of Payment to a Participant.** Vested amounts credited to a Participant's Deferred Cash Account shall be distributed in cash. Vested amounts credited to a Participant's Deferred Company Stock Account shall be distributed in shares of Common Stock equal to the number of company stock units credited thereto. Distribution of a Participant's Deferred Compensation Account to the Participant shall be in such of the following forms of payment as the Participant shall elect pursuant to subsection (c) below:

(1) **Lump Sum.** A single lump sum payment commencing in such year following Separation from Service as is elected by the Participant pursuant to subsection (c) below, provided that such year shall not be greater than the 10th year following separation from service.

(2) **Installments.** Substantially equal annual installments not to exceed ten (10), commencing in such year following Separation from Service as is elected by the Participant pursuant to subsection (c) below, provided, however, that no payment shall be made more than ten (10) calendar years after the calendar year in which occurs such Separation from Service. Installment distributions shall be comprised of amounts from a Participant's Deferred Cash Account and Deferred Company Stock Account in the proportion that the value of each such Account bears to the total value of the Participant's Deferred Compensation Account at the time of the distribution.

(b) **Distribution to a Participant**. For Participants who did not make an election as provided in (c) (2) of this Section 5.3, distribution will be made or begin in January following the first anniversary of the occurrence of the Separation from Service with respect to the Participant, or in January following any subsequent anniversary as elected by the Participant. For all other Participants, distribution will be made or begin in the month following the month which contains the first anniversary of the occurrence of a Separation from Service with respect to the Participant, or in such month in any subsequent year as elected by the Participant. Distribution will be made in accordance with the Participant's election as to form and time of payout pursuant to subsection (c) below, which is effective as of the date of the Separation from Service, or which becomes effective prior to the first scheduled payment under the election in effect at the time of the Separation from Service. In the event no effective or potentially effective election exists as of the first anniversary of the occurrence of a Separation from Service, the Participant's entire Deferred Compensation Account shall be distributed in a single distribution as soon as administratively feasible in the month following the month of such first anniversary. A

Participant’s Deferred Compensation Account will continue to be adjusted as provided in Article 4 until it is completely distributed. Except as otherwise provided herein, the amount of any distribution shall be determined based on the value of the Participant’s Deferred Compensation Account at the time the distribution is made. Notwithstanding the above, should this Plan ever allow distribution earlier than the first anniversary of a Separation from Service, including a distribution under Section 5.3(e), a Participant who, at the time of this Separation from Service, is a Key Employee shall not receive a distribution any earlier than six months after the Employee’s Separation from Service.

(c) **Electing the Form or Time of Commencement.**

(1) Effective May 13, 2006, an Employee shall make an election with respect to form and time of payout of his or her Deferred Compensation Account as described in subsection (a) at the time of his or her initial Deferral Election or Deferred Bonus Election (or such time as a Participant elects to defer a Special Bonus), whichever is earlier, and such election shall be immediately effective.

(2) Employees participating in the Plan as of April 3, 2006 or who made a Deferred Bonus Deferral Election prior to such date, were required to elect a single form and time of payout under the Plan in the form or manner determined by the Plan Administrator prior to May 13, 2006. This election applied to existing Supplementary Savings Plan Account balances and Bonus Deferrals as of such date and was treated as an initial distribution election under the Plan pursuant to transition relief granted under Proposed Treasury Regulations Section 1.409A-1.

(3) Notwithstanding paragraph (2) above, a Participant who incurred a Separation from Service during calendar year 2006, and whose election as to form and payout on file with the Plan Administrator at the time of such Separation from Service provided that payments will commence in the year immediately following the Separation from Service, was not eligible to make the election provided in paragraph (2).

(d) **Changing the Form or Time of Commencement.**

(1) While actively employed by the Company or one of its subsidiaries, a Participant may change his or her election of the form and time of commencement of distributions from his or her Deferred Compensation Account, provided that such election is made in a form and manner satisfactory to the Plan Administrator. Such a change in election will be effective on the one-year anniversary of the date it is received by the Plan Administrator.

(2) Any modification or revocation of an election made pursuant to paragraph (1) must delay commencement of the distribution by at least five years from the date the payment would otherwise have been made. A change in election, when effective, shall supersede all prior elections and shall apply to the Participant's entire Deferred Compensation Account, including all prior and future amounts credited thereto, until a later election becomes effective. The Plan will treat installments as a single payment for purposes of Section 409A regarding subsequent distribution elections.

(e) **Cash Out of Small Accounts.** Notwithstanding the above, if the value of a Participant's Deferred Compensation Account is $5,000 or less as of the end of the month in which a Separation from Service occurs, his or her Deferred Compensation Account shall be distributed in its entirety as soon as administratively feasible thereafter.

Section 5.4 Change in Control. Notwithstanding the above provisions of this Article 5, upon a Change in Control, a Participant (including a Key Employee) shall receive an immediate lump sum payment of the total value of his or her Deferred Compensation Account on the date of the Change in Control. This shall not affect his or her continued eligibility under the Plan; however, his or her Deferred Compensation Account shall be reduced by the amount paid out. No payment shall be made under this paragraph at any time which would cause the Plan to violate the provisions of Section 409A.

Article 6

Administration

Section 6.1 Plan Administration and Interpretation. The Plan shall be administered by the Plan Administrator who shall have full power and authority to administer the Plan and interpret the provisions of the Plan in a manner consistent with the interpretations of similar provisions in the Savings Plan as the context reasonably permits. The Plan Administrator's powers shall include, by way of illustration and not limitation, the discretionary authority and power to construe and interpret the Plan provisions, decide all questions of eligibility for benefits, and determine the amount, time, and manner of payments of any benefits and to authorize the payment of benefits hereunder, except to the extent such powers have not been given to the Plan Administrator pursuant to Section 6.2 below or otherwise herein. The Plan Administrator may delegate, or appoint one or more individuals or committees, to assist in carrying out his or her duties and responsibilities under the

Plan and may adopt rules and regulations for the administration of the Plan and alter, amend, or revoke any rules or regulations so adopted. The decisions of the Plan Administrator or his or her delegates shall be final and binding on the Company, the Employers, the Employees, Participants, and Beneficiaries.

Section 6.2 Claim and Appeal Procedure.

(a) **Claim Procedure.** In the event of a claim by a Participant or a Participant's Beneficiary for or in respect of any benefit under the Plan or the method of payment thereof, such Participant or Beneficiary shall present the reason for his claim in writing to the Plan Administrator. The Plan Administrator shall, within ninety (90) days after the receipt of such written claim, send written notification to the Participant or Beneficiary as to its disposition, unless special circumstances require an extension of time for processing the claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the claimant prior to the termination of the initial ninety (90) day period. In no event, however, shall such extension exceed a period of ninety (90) days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan Administrator expects to render the final decision.

In the event the claim is wholly or partially denied, the Plan Administrator's written notification shall state the specific reason or reasons for the denial, include specific references to pertinent Plan provisions on which the denial is based, provide an explanation of any additional material or information necessary for the Participant or Beneficiary to perfect the claim and a statement of why such material or information is necessary, and set forth the procedure by which the Participant or Beneficiary may appeal the denial of the claim. If the claim has not been granted and notice is not furnished within the time

period specified in the preceding paragraph, the claim shall be deemed denied for the purpose of proceeding to appeal in accordance with subsection (b) below.

(b) **Appeal Procedure.** In the event a Participant or Beneficiary wishes to appeal the denial of his claim, he may request a review of such denial by making written application to the Claims Committee within sixty (60) days after receipt of the written notice of denial (or the date on which such claim is deemed denied if written notice is not received within the applicable time period specified in subsection (a) above). Such Participant or Beneficiary (or his duly authorized representative) may, upon written request to the Claims Committee, review documents which are pertinent to such claim, and submit in writing issues and comments in support of his position. Within sixty (60) days after receipt of the written appeal (unless an extension of time is necessary due to special circumstances or is agreed to by the parties, but in no event more than one hundred and twenty (120) days after such receipt), the Claims Committee shall notify the Participant or Beneficiary of its final decision. If an extension of time for review is required because of special circumstances, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The final decision shall be in writing and shall include: (i) specific reasons for the decision, written in a manner calculated to be understood by the claimant, and (ii) specific references to the pertinent Plan provisions on which the decision is based.

(c) **Change in Control.** Notwithstanding the above, upon a Change in Control, for the three-year period commencing on the date of the Change in Control, the Plan Administrator shall notify the Participant of the disposition of a claim under subsection (a) above, and the Claims

Committee shall notify the Participant of the decision on an appeal under subsection (b) above, within ten (10) days of receipt of the claim or appeal, respectively.

Article 7

Funding

Section 7.1 Benefits Unfunded. The Plan shall be unfunded. None of the Company, an Employer, the Board, and the Plan Administrator shall be required by the terms of the Plan to segregate any assets in connection with the Plan. None of the Company, an Employer, the Board, and the Plan Administrator shall be deemed to be a trustee of any amounts to be paid under the Plan. Any liability to any person with respect to benefits payable under the Plan shall be only a claim against the general assets of the Company or the Employer, whichever maintains the Participant's Deferred Compensation Account. No such liability shall be deemed to be secured by any pledge or any other encumbrance on any specific property of the Company or an Employer.

Section 7.2 Non-qualified Plan. The Plan will not be qualified under the Code, and the Company and the Employers shall not be required to qualify the Plan.

Section 7.3 ERISA. The Plan is intended to constitute an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees of the Company and the other Employers which qualifies for the exclusions from Title I of ERISA provided for in Sections 201(2), 301(a)(3), and 401(a)(1) of ERISA. In the event that any regulatory or other body should determine that the Plan does not qualify for any such exclusion, then the Company may retroactively revise the eligibility criteria under the Plan so that it may qualify for the exclusion or take such other action it deems appropriate, and the Company and the Employers shall have no liability to those individuals who had been eligible for benefits under the Plan prior to such revision

or action in excess of any amount credited to the individual's Deferred Compensation Account as of the effective date of any such action.

Article 8

Amendment and Termination

Section 8.1 Amendment and Termination. While the Company intends to maintain the Plan, the Company specifically reserves the right, at any time, to amend in whole or part any or all of the provisions of the Plan and to suspend and/or terminate the Plan for whatever reason it may deem appropriate; provided, however, that no such amendment, suspension, or termination shall reduce the benefits payable to or accrued by a Participant as of the date of such amendment, suspension, or termination, or eliminate the requirement to credit interest or Dividend Equivalents on the Participant's Deferred Compensation Account, except as provided in Section 7.3. Action to terminate the Plan may be taken only by the Board of Directors of the Company, by its resolutions duly adopted. Any other action referred to in this subsection and not determined by the Company's general counsel to be in contravention of law may be taken by the Board or the Chairman of the Board and evidenced by a resolution, certificate, amendment, new or revised Plan text, or other writing; provided that only the Board may take any action that (A) materially increases aggregate accrued benefits under the Plan, materially changes the benefit formula under the Plan, or materially increases the cost of the Plan so long as persons designated by the Board as "Executive Officer" for purposes of U.S. Securities laws participate in the Plan; or (B) would freeze benefit accruals, materially reduce benefit accruals, or otherwise materially change the benefits under the Plan; or (C) would constitute the exercise of power or function assigned to the Finance Committee of the Board, the Plan Administrator, or the Claims Committee. The Chairman may delegate the authority described in the preceding sentence in writing. If the Plan is terminated, all Deferral Elections shall terminate automatically and all benefits previously accrued shall be payable at such times as otherwise provided herein.

Article 9

General Provisions

Section 9.1 Non-alienation of Benefits. Except as may be required by law, no benefit payable under the Plan is subject in any manner to anticipation, alienation, sale, transfer, assignment, garnishment, pledge, encumbrance, or charge whether voluntary or involuntary, including in respect of liability of a Participant or Beneficiary for alimony or other payments for the support of a spouse, former spouse, child, or other dependent, prior to actually being received by the Participant or Beneficiary under the Plan, and any attempt to anticipate, alienate, sell, transfer, assign, garnish, pledge, encumber, or charge the same shall be void. No such benefits will in any manner be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any Participant or Beneficiary. If any Participant or Beneficiary is adjudicated bankrupt or attempts or purports to anticipate, alienate, sell, transfer, assign, garnish, pledge, encumber, or charge any benefit or payment under the Plan voluntarily or involuntarily, the Plan Administrator, in his or her sole discretion, shall have the authority to cause the same or any part thereof then payable to be held or applied to or for the benefit of such Participant, Beneficiary, spouse, children, or other dependents, or any of them, in such manner and in such proportion as the Plan Administrator shall determine.

Section 9.2 Contractual Obligations. Notwithstanding Section 7.1 hereof, the Company and each Employer hereby makes a contractual commitment to pay the benefits theretofore accrued in respect of each Participant who is an Employee or former Employee of the Company or such Employer, respectively, under the Plan at such times as such benefits are payable under the terms of the Plan. However, neither the Company nor any Employer nor the Plan gives the Participant or any Beneficiary any beneficial ownership interest in any assets of the Company or any Employer. A Participant’s rights under the Plan are limited to the right to receive a distribution of the value of his Deferred Compensation Account in accordance with

Article 5, which right is that of an unsecured general creditor of the Company or the Employer, as applicable.

Section 9.3 No Employment Rights. Nothing contained in the Plan shall be construed as a contract of employment between the Company or an Employer and any Employee, or as a guarantee or right of any Employee to future or continued employment with the Company or an Employer, or as a limitation on the right of the Company or an Employer to discharge any of its Employees with or without cause. Specifically, designation as an Employee does not create any rights, and no rights are created under the Plan, with respect to continued or future employment or conditions of employment.

Section 9.4 Minor or Incompetent. If the Plan Administrator determines that any Participant or Beneficiary entitled to payments under the Plan is a minor or incompetent by reason of physical or mental disability, he may, in his sole discretion, cause all payments thereafter becoming due to such person to be made to any other person for such person's benefit, without responsibility to follow application of amounts so paid. Payments made pursuant to this provision shall completely discharge the Company, the Employers, the Plan, the Board, and the Plan Administrator from all further obligations with respect to benefits under the Plan.

Section 9.5 Unclaimed Amounts. If any distribution to be made hereunder remains unclaimed for a period of two (2) years, no further interest shall accrue to or for the account of a Participant or Beneficiary on the amount of such distribution.

Section 9.6 Payee Unknown. If the Plan Administrator has any doubt as to the proper Beneficiary to receive payments hereunder, the Plan Administrator shall have the right to withhold such payments until the matter is finally adjudicated. However, any payment made in good faith shall fully discharge the Plan

Administrator, the Company, the Employers, and the Board from all further obligations with respect to that payment.

Section 9.7 Illegal or Invalid Provision. In case any provision of the Plan shall be held illegal or invalid for any reason, such illegal or invalid provision shall not affect the remaining parts of the Plan, but the Plan shall be construed and enforced without regard to such illegal or invalid provision.

Section 9.8 Governing Law and Headings. The provisions of the Plan shall be construed, administered, and governed in accordance with the laws of the Commonwealth of Pennsylvania, including its statute of limitations provisions; to the extent such laws are not preempted by ERISA or other applicable Federal law. Titles of Articles and Sections of the Plan are for convenience of reference only and are not to be taken into account when construing and interpreting the provisions of the Plan.

Section 9.9 Liability Limitation. No liability shall attach to or be incurred by the Plan Administrator, any member of the Claims Committee or any other officer of director of the Company or an Employer under or by reason of the terms, conditions, and provisions contained in the Plan, or for the acts or decisions taken or made thereunder or in connection therewith; and as a condition precedent to the receipt of benefits hereunder, such liability, if any, is expressly waived and released by the Participant and by any and all persons claiming under or through the Participant or any other person. Such waiver and release shall be conclusively evidenced by any act of participation in or the acceptance of benefits under the Plan.

Section 9.10 Notices. Any notice to the Plan Administrator, the Claims Committee, the Company, or an Employer which shall be or may be given under the Plan shall be in writing and shall be sent by registered or certified mail to the Plan Administrator. Notice to a Participant shall be sent to the address shown on the Company's or the Employer's records. Any party may, from time to time, change the

address to which notices shall be mailed by giving written notice of such new address.

Section 9.11 Entire Agreement. Except as may be provided in an individual severance agreement between the Company or other Employer and a Participant, this Plan document shall constitute the entire agreement between the Company or other Employer and the Participant with respect to the benefits promised hereunder and no other agreements, representations, oral or otherwise, express or implied, with respect to such benefits shall be binding on the Company or other Employer.

Section 9.12 Binding Effect. All obligations for amounts not yet paid under the Plan shall survive any merger, consolidation, or sale of substantially all of the Company's or an Employer's assets to any entity, and be the liability of the successor to the merger or consolidation or purchaser of assets.

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 officer as of the _____________ day of __________, 2009.

AIR PRODUCTS AND CHEMICALS, INC.

By: ____

Senior Vice President — Human Resources & Communications

Exhibit 12

AIR PRODUCTS AND CHEMICALS, INC., AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

(Unaudited)

(Millions of dollars)	Year Ended 30 September 2004	2005	2006	2007	2008	Twelve Months Ended 30 Sept 2009
Earnings:						
Income from continuing operations (1)	$ 574.9	$ 659.0	$ 734.1	$1,019.6	$1,090.5	$ 639.9
Add (deduct):						
Provision for income taxes	209.3	235.7	271.9	289.0	381.7	196.2
Fixed charges, excluding capitalized interest	144.0	139.1	146.7	190.9	188.8	149.2
Capitalized interest amortized during the period	7.0	6.1	6.5	6.4	6.6	7.7
Undistributed earnings of less-than-fifty-percent-owned affiliates	(28.7)	(29.2)	(29.2)	(61.2)	(72.7)	(44.2)
Earnings, as adjusted	$ 906.5	$1,010.7	$1,130.0	$1,444.7	$1,594.9	$ 948.8
Fixed Charges:						
Interest on indebtedness, including capital lease obligations	$ 123.0	$ 113.0	$ 119.8	$ 163.7	$ 164.4	$ 125.1
Capitalized interest	7.9	14.9	18.8	14.6	27.3	22.2
Amortization of debt discount premium and expense	1.4	4.1	4.8	4.1	4.0	4.7
Portion of rents under operating leases representative of the interest factor	19.6	22.0	22.1	23.1	20.4	19.4
Fixed charges	$ 151.9	$ 154.0	$ 165.5	$ 205.5	$ 216.1	$ 171.4
Ratio of Earnings to Fixed Charges (2):	6.0	6.6	6.8	7.0	7.4	5.5

(1) During the twelve months ended 30 September 2009, income from continuing operations included a charge of $298.2 ($200.3 after-tax) for the global cost reduction plan.

(2) 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).

Subsidiaries of Air Products and Chemicals, Inc.

The following is a list of the Company's consolidating subsidiaries, as of 30 September 2009, except for certain subsidiaries of the Registrant which do not in the aggregate constitute a significant subsidiary as that term is defined in Rule 12b-2 under the Securities Exchange Act of 1934. This list does not include equity affiliate investments and cost investments.

UNITED STATES

All companies are incorporated in the State of Delaware unless otherwise indicated.

Registrant — Air Products and Chemicals, Inc.
AHS Seating and Mobility Georgia, Inc. (Georgia)
APMTG Helium LLC
Air Products Didcot LLC
Air Products (Rozenburg), Inc.
Air Products Asia, Inc.
Air Products Caribbean Holdings, Inc.
Air Products China, Inc.
Air Products Electronics, LLC
Air Products Energy Enterprises, L.P.
Air Products Energy Holdings, Inc.
Air Products Europe, Inc.
Air Products Healthcare Southeast, LLC
Air Products Helium, Inc.
Air Products HyCal Company, L.P. (California)
Air Products Hydrogen Company, Inc.
Air Products International Corporation
Air Products LLC
Air Products Manufacturing Corporation
Air Products Performance Manufacturing, Inc.
Air Products Seating and Mobility, Inc.
Air Products Trinidad Services, Inc.
American Homecare Supply West Virginia, Inc.
American Homecare Supply, LLC
APCI Ref-Fuel Company
APCI (U.K.), Inc.
Ducolake, Inc. (Indiana)
East Coast Oxygen Co.
Goar, Allison and Associates, Inc. (Texas)
Lakeway Medical Rentals, LLC
Middletown Oxygen Company, Inc.
Nightingale Medical of Indiana, LLC (Indiana)
Prodair Corporation
Pure Air Holdings Corp.
Pure Air on the Lake (I), Inc.
Pure Air on the Lake (IV), Inc.
SCWC Corp.
Stockton CoGen (I), Inc.

ARGENTINA

Terapias Medicas Domiciliarias, S.A.

AUSTRIA

Air Products Gesellschaft mbH

BELGIUM

Air Products S.A.
Air Products Management S.A.
Napro S.A.
Medigaz, S.A.

BERMUDA

Asia Industrial Gas Company Ltd.

BRAZIL

Air Products Brasil Ltda.

CANADA

Air Products Canada Ltd./Prodair Canada Ltee

CHINA

Air Products and Chemicals (Beijing) Distribution Co., Ltd.
Air Products and Chemicals (Changxing) Co., Ltd.
Air Products and Chemicals (Changzhou) Co., Ltd.
Air Products and Chemicals (Chengdu) Co., Ltd.
Air Products and Chemicals (Chongqing) Co., Ltd.
Air Products and Chemicals (China) Investment Co. Ltd.
Air Products and Chemicals (Dalian) Co., Ltd.
Air Products and Chemicals (Fujian) Co., Ltd.
Air Products and Chemicals (Guangzhou) Co., Ltd.
Air Products and Chemicals (Fuzhou) Co., Ltd.
Air Products and Chemicals (Nanjing) Co., Ltd.
Air Products and Chemicals (Ningbo) Co., Ltd.
Air Products and Chemicals (Putian) Co., Ltd.
Air Products and Chemicals (Shanghai) Co. Ltd.
Air Products and Chemicals (Tangshan) Co., Ltd.
Air Products and Chemicals (Tianjin) Co., Ltd.
Air Products and Chemicals (Zhuhai) Co., Ltd.
Air Products and Chemicals (Zibo) Co., Ltd.
Air Products and Chemicals (Kunshan) Gases Co., Ltd.
Air Products and Chemicals (Nanjing) Gases Co., Ltd.
Air Products and Chemicals (Shenzhen) Gases Co., Ltd.
Air Products and Chemicals (Zhengzhou) Hi-Tech Co., Ltd.
Air Products and Chemicals (Nanjing) Specialty Amines Co., Ltd.
Air Products and Chemicals (Shaanxi) Co., Ltd.
Air Products and Chemicals (Shanghai) Co. Ltd.Air Products and Chemicals (Shanghai) Electronics Gases Co., Ltd.
Air Products and Chemicals (Shanghai) Gases Co., Ltd.
Air Products and Chemicals (Shanghai) On-Site Gases Co., Ltd.
Air Products and Chemicals (Shanghai) Systems Co. Ltd.
Air Products and Chemicals (Shenzhen) Co., Ltd.
Air Products and Chemicals (Tongxiang) Co., Ltd.
Air Products and Chemicals (Xingtai) Co., Ltd.
Air Products and Chemicals (Zhangjiagang) Co., Ltd.
Air Products (Hong Kong) Co., Ltd.
Air Products Huadong (Longkou) Co., Ltd.
Air Products (Jiangxi) Co., Ltd.
Air Products (Ningbo) Hi-Tech Gases Co., Ltd.
Beijing AP BAIF Gas Industry Co., Ltd.
Permea China, Ltd.

CZECH REPUBLIC

Air Products spol s.r.o.

FRANCE

Air Products Healthcare France
Air Products SAS
Prodair et Cie S.C.S.
Prodair S.A.S.
Henno Oxygene S.A.S.
Hold’Air SAS
Union Mobiliere Industrielle S.A.R.L.

GERMANY

Air Products GmbH

Air Products Medical GmbH
Air Products Performance Materials GmbH
S. I. Q. Beteiliguns GmbH

INDIA

Prodair Air Products India Private Limited

INDONESIA

PT Air Products Indonesia

IRELAND

Air Products Ireland Limited

ITALY

Air Products Italia S.r.l.

JAPAN

Air Products Japan, Inc.

KOREA

Air Products ACT Korea Limited
Air Products Electronics Materials Inc.
Air Products Korea Inc.
Air Products HYT Inc.
Air Products Korea Electronics, Inc.
Han Mi Specialty Gases Co. Ltd.
Shinil Cryogenic Materials, Ltd.

MALAYSIA

Air Products Malaysia Sdn Bhd
Air Products Shared Services Sdn. Bhd

MEXICO

Air Products and Chemicals de Mexico, S.A. de C.V.
Air Products Infra Nitrogeno, S. de R.L. de C.V.

THE NETHERLANDS

Air Products Chemicals Europe B.V.
Air Products Holdings B.V.
Air Products Investments B.V.
Air Products Leasing B.V.
Air Products Nederland B.V.
Air Products Utilities B.V.

NORWAY

Air Products A/S

PERU

Air Products Peru S.A.C.

POLAND

Air Products Polska Sp. z o.o.
Air Products Sp. z.o.o.
Roboprojekt Sp. z.o.o

PORTUGAL

Gases Industriais, S.A.R.L.

ROMANIA

Air Products Hidrogen S.R.L.

RUSSIA

Air Products O.O.O.

SINGAPORE

Air Products and Chemicals (S) Pte. Ltd.
Air Products Singapore Pte. Ltd.

SLOVAKIA

Air Products Slovakia s.r.o.

SPAIN

Air Products Iberica, S.L.
Air Products Investments Espana, S.L.
Air Products Services Europe, S.A.
Air Products Sud Europa, S.L.
Altanova Residencial, S.L.
Matgas 2000 A.I.E.
Oxigenol, S.A.
Oxygeno y Carbogenos, S.A.
Oximeca, S.A.
Sociedad Espanola de Carburos Metalicos S.A.

SWITZERLAND

Air Products Switzerland Sàrl

TAIWAN

Airpro Gases Co., Ltd.
Air Products San Fu Co., Ltd.
Air Products Electronics Taiwan Limited
Air Products Taiwan Co., Ltd.
Air Products Taiwan Holdings, LLC

THAILAND

Air Products Asia (Technology Center) Ltd.

TRINIDAD AND TOBAGO

Air Products Unlimited

UNITED KINGDOM

Air Products (BR) Limited
Air Products (Chemicals) Public Limited Company
Air Products (GB) Limited
Air Products Group Limited
Air Products PLC
Air Products (UK) Limited
Air Products Yanbu Limited
Anchor Chemical (UK) Limited
Anchor Chemical International Limited
Cryomed Limited
Cryoservice Limited
Prodair Services Limited
Protexeon Limited
Air Products (Chemicals) Teesside Limited

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors of
Air Products and Chemicals, Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 333-54224, 333-56292, 333-81358, 333-100210, 333-103809, 333-113882, 333-121262, 333-123477, 333-132599, 333-141336, 333-141337, 333-141338, 333-149813, 333-158101, 333-158102) on Form S-8 and registration statement (No. 333-155725) on Form S-3 of Air Products and Chemicals, Inc. of our report dated 25 November 2009, with respect to the consolidated balance sheets of Air Products and Chemicals, Inc. and Subsidiaries (the Company) as of 30 September 2009 and 2008, and the related consolidated income statements and consolidated statements of shareholders' equity and cash flows and the related financial statement schedule for each of the years in the three-year period ended 30 September 2009 and the effectiveness of internal control over financial reporting as of 30 September 2009 which report is included in the 30 September 2009 Annual Report on Form 10-K of Air Products and Chemicals, Inc.

Our report refers to the Company's adoption of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" effective 1 October 2007 (incorporated into Accounting Standards Codification (ASC) Topic 740 "Income Taxes") and Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," as of 30 September 2007 (incorporated into ASC Topic 715, "Compensation — Retirement Plans").

/s/ KPMG LLP
Philadelphia, Pennsylvania

25 November 2009

POWER OF ATTORNEY

Know All Men By These Presents, that each person whose signature appears below constitutes and appoints John E. McGlade or Paul E. Huck or Mary T. Afflerbach, acting severally, his/her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him/her and in his/her name, place and stead, in any and all capacities, to sign the Form 10-K Annual Report for the fiscal year ended 30 September 2009 and all amendments thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities and Exchange Act of 1934, this Power of Attorney has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Mario L. Baeza Mario L. Baeza	Director	19 November 2009
/s/ William L. Davis, III William L. Davis, III	Director	19 November 2009
/s/ Michael J. Donahue Michael J. Donahue	Director	19 November 2009
/s/ Ursula O. Fairbairn Ursula O. Fairbairn	Director	19 November 2009
/s/ W. Douglas Ford W. Douglas Ford	Director	19 November 2009
/s/ Edward E. Hagenlocker Edward E. Hagenlocker	Director	19 November 2009
/s/ Evert Henkes Evert Henkes	Director	19 November 2009

Signature	Title	Date
/s/ John E. McGlade John E. McGlade	Director and Chairman	19 November 2009
/s/ Margaret G. McGlynn Margaret G. McGlynn	Director	19 November 2009
/s/ Charles H. Noski Charles H. Noski	Director	19 November 2009
/s/ Lawrence S. Smith Lawrence S. Smith	Director	19 November 2009

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION

I, John E. McGlade, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 November 2009

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

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION

I, Paul E. Huck, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 November 2009

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

Exhibit 32.1

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 Annual Report on Form 10-K of Air Products and Chemicals, Inc. (the "Company") for the year ending September 30, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, John E. McGlade, Chairman, President, and Chief Executive Officer of the Company, and Paul E. Huck, Senior Vice President and 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 November 2009

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

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

November 25, 2009

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

RE: Air Products and Chemicals, Inc. (the “Company”) Annual Report on Form 10-K — File No. 1-4534

Ladies and Gentlemen:

Filed herewith, on behalf of Air Products and Chemicals, Inc., is the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2009.

The Company adopted new authoritative accounting guidance during fiscal year 2009, the impacts of which are discussed in Note 2 of the financial statements. Other than this new authoritative accounting guidance, no material changes in accounting principles or practices or the methods of applying such principles or practices have been made from the preceding year.

Sincerely,

/s/ Mary T. Afflerbach
Mary T. Afflerbach
Corporate Secretary and
Chief Governance Officer

Enclosure