

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

FORM 10-Q

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

For the quarterly period ended 31 December 2021

or

**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 001-04534



**AIR PRODUCTS AND CHEMICALS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**23-1274455**

(I.R.S. Employer Identification No.)

**1940 Air Products Boulevard**  
**Allentown, Pennsylvania 18106-5500**  
(Address of principal executive offices and Zip Code)

**610-481-4911**  
(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1.00 per share	APD	New York Stock Exchange
1.000% Euro Notes due 2025	APD25	New York Stock Exchange
0.500% Euro Notes due 2028	APD28	New York Stock Exchange
0.800% Euro Notes due 2032	APD32	New York Stock Exchange

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted 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 such files). Yes  No

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

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of common stock, par value \$1 per share, outstanding at 31 December 2021 was 221,717,387.

**AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries**  
**QUARTERLY REPORT ON FORM 10-Q**  
**For the quarterly period ended 31 December 2021**

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## FORWARD-LOOKING STATEMENTS

This quarterly report contains “forward-looking statements” within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include all statements that do not relate solely to historical or current facts and can generally be identified by words such as “anticipate,” “believe,” “could,” “estimate,” “expect,” “forecast,” “future,” “goal,” “intend,” “may,” “outlook,” “plan,” “positioned,” “possible,” “potential,” “project,” “should,” “target,” “will,” “would,” and similar expressions or variations thereof, or the negative thereof, but these terms are not the exclusive means of identifying such statements. Forward-looking statements are based on management’s expectations and assumptions as of the date of this report and are not guarantees of future performance. You are cautioned not to place undue reliance on our forward-looking statements.

Forward-looking statements may relate to a number of matters, including expectations regarding revenue, margins, expenses, earnings, tax provisions, cash flows, pension obligations, share repurchases or other statements regarding economic conditions or our business outlook; statements regarding plans, projects, strategies and objectives for our future operations, including our ability to win new projects and execute the projects in our backlog; and statements regarding our expectations with respect to pending legal claims or disputes. While forward-looking statements are made in good faith and based on assumptions, expectations and projections that management believes are reasonable based on currently available information, actual performance and financial results may differ materially from projections and estimates expressed in the forward-looking statements because of many factors, including, without limitation:

- the duration and impacts of the ongoing COVID-19 global pandemic and efforts to contain its transmission, including the effect of these factors on our business, our customers, economic conditions and markets generally;
- changes in global or regional economic conditions, inflation and supply and demand dynamics in the market segments we serve, or in the financial markets that may affect the availability and terms on which we may obtain financing;
- the ability to implement price increases to offset cost increases;
- disruptions to our supply chain and related distribution delays and cost increases;
- risks associated with having extensive international operations, including political risks, risks associated with unanticipated government actions and risks of investing in developing markets;
- project delays, contract terminations, customer cancellations, or postponement of projects and sales;
- our ability to develop, operate, and manage costs of large scale and technically complex projects, including gasification and hydrogen projects;
- the future financial and operating performance of major customers, joint ventures, and equity affiliates;
- our ability to develop, implement, and operate new technologies;
- our ability to execute the projects in our backlog and refresh our pipeline of new projects;
- tariffs, economic sanctions and regulatory activities in jurisdictions in which we and our affiliates and joint ventures operate;
- the impact of environmental, tax, or other legislation, as well as regulations and other public policy initiatives affecting our business and the business of our affiliates and related compliance requirements, including legislation, regulations, or policies intended to address global climate change;
- changes in tax rates and other changes in tax law;
- the timing, impact, and other uncertainties relating to acquisitions and divestitures, including our ability to integrate acquisitions and separate divested businesses, respectively;
- risks relating to cybersecurity incidents, including risks from the interruption, failure or compromise of our information systems;

## FORWARD-LOOKING STATEMENTS (CONTINUED)

- catastrophic events, such as natural disasters and extreme weather events, public health crises, acts of war, or terrorism;
- the impact on our business and customers of price fluctuations in oil and natural gas and disruptions in markets and the economy due to oil and natural gas price volatility;
- costs and outcomes of legal or regulatory proceedings and investigations;
- asset impairments due to economic conditions or specific events;
- significant fluctuations in inflation, interest rates and foreign currency exchange rates from those currently anticipated;
- damage to facilities, pipelines or delivery systems, including those we own or operate for third parties;
- availability and cost of electric power, natural gas, and other raw materials; and
- the success of productivity and operational improvement programs.

In addition to the foregoing factors, forward-looking statements contained herein are qualified with respect to the risks disclosed elsewhere in this document, including in Item 2, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, and Item 3, *Quantitative and Qualitative Disclosures About Market Risk*, as well as with respect to the risks described in Item 1A, *Risk Factors*, to our Annual Report on Form 10-K for the fiscal year ended 30 September 2021. Any of these factors, as well as those not currently anticipated by management, could cause our results of operations, financial condition or liquidity to differ materially from what is expressed or implied by any forward-looking statement. Except as required by law, we disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect any change in assumptions, beliefs, or expectations or any change in events, conditions, or circumstances upon which any such forward-looking statements are based.

**PART I—FINANCIAL INFORMATION**
**Item 1. Financial Statements**

**Air Products and Chemicals, Inc. and Subsidiaries**  
**CONSOLIDATED INCOME STATEMENTS**  
**(Unaudited)**

	Three Months Ended 31 December	
	2021	2020
<i>(Millions of dollars, except for share and per share data)</i>		
<b>Sales</b>	\$2,994.2	\$2,375.2
Cost of sales	2,223.6	1,632.4
Selling and administrative	232.8	202.7
Research and development	23.3	23.5
Other income (expense), net	8.5	22.5
<b>Operating Income</b>	523.0	539.1
Equity affiliates' income	147.8	69.3
Interest expense	30.5	36.7
Other non-operating income (expense), net	22.6	18.6
<b>Income From Continuing Operations Before Taxes</b>	662.9	590.3
Income tax provision	113.3	113.9
<b>Income From Continuing Operations</b>	549.6	476.4
Income from discontinued operations, net of tax	—	10.3
<b>Net Income</b>	549.6	486.7
Net (loss) income attributable to noncontrolling interests of continuing operations	(10.8)	4.7
<b>Net Income Attributable to Air Products</b>	\$560.4	\$482.0
<b>Net Income Attributable to Air Products</b>		
Net income from continuing operations	\$560.4	\$471.7
Net income from discontinued operations	—	10.3
<b>Net Income Attributable to Air Products</b>	\$560.4	\$482.0
<b>Per Share Data*</b>		
Basic EPS from continuing operations	\$2.53	\$2.13
Basic EPS from discontinued operations	—	0.05
<b>Basic EPS Attributable to Air Products</b>	\$2.53	\$2.18
Diluted EPS from continuing operations	\$2.52	\$2.12
Diluted EPS from discontinued operations	—	0.05
<b>Diluted EPS Attributable to Air Products</b>	\$2.52	\$2.17
<b>Weighted Average Common Shares</b> (in millions)		
Basic	221.9	221.5
Diluted	222.6	222.6

\*Earnings per share ("EPS") is calculated independently for each component and may not sum to total EPS due to rounding.

The accompanying notes are an integral part of these statements.

**Air Products and Chemicals, Inc. and Subsidiaries**  
**CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS**  
**(Unaudited)**

<i>(Millions of dollars)</i>	Three Months Ended 31 December	
	2021	2020
<b>Net Income</b>	\$549.6	\$486.7
<b>Other Comprehensive Income, net of tax:</b>		
Translation adjustments, net of tax of \$7.6 and (\$24.2)	40.6	415.7
Net (loss) gain on derivatives, net of tax of (\$11.1) and \$2.7	(0.5)	13.8
Reclassification adjustments:		
Derivatives, net of tax of \$6.1 and (\$0.8)	18.7	(1.3)
Pension and postretirement benefits, net of tax of \$5.4 and \$5.9	16.0	18.3
<b>Total Other Comprehensive Income</b>	74.8	446.5
<b>Comprehensive Income</b>	624.4	933.2
<b>Net (Loss) Income Attributable to Noncontrolling Interests</b>	(10.8)	4.7
<b>Other Comprehensive Income Attributable to Noncontrolling Interests</b>	11.2	19.7
<b>Comprehensive Income Attributable to Air Products</b>	\$624.0	\$908.8

The accompanying notes are an integral part of these statements.

**Air Products and Chemicals, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
**(Unaudited)**

<i>(Millions of dollars, except for share and per share data)</i>	31 December 2021	30 September 2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash items	\$2,953.7	\$4,468.9
Short-term investments	728.6	1,331.9
Trade receivables, net	1,693.8	1,451.3
Inventories	487.2	453.9
Prepaid expenses	135.3	119.4
Other receivables and current assets	484.9	550.9
<b>Total Current Assets</b>	<b>6,483.5</b>	<b>8,376.3</b>
Investment in net assets of and advances to equity affiliates	3,329.2	1,649.3
Plant and equipment, at cost	28,101.0	27,488.8
Less: accumulated depreciation	14,476.3	14,234.2
Plant and equipment, net	13,624.7	13,254.6
Goodwill, net	923.3	911.5
Intangible assets, net	418.8	420.7
Noncurrent lease receivables	724.3	740.3
Other noncurrent assets	1,621.5	1,506.5
<b>Total Noncurrent Assets</b>	<b>20,641.8</b>	<b>18,482.9</b>
<b>Total Assets</b>	<b>\$27,125.3</b>	<b>\$26,859.2</b>
<b>Liabilities and Equity</b>		
<b>Current Liabilities</b>		
Payables and accrued liabilities	\$2,310.6	\$2,218.3
Accrued income taxes	119.8	93.9
Short-term borrowings	112.9	2.4
Current portion of long-term debt	86.8	484.5
<b>Total Current Liabilities</b>	<b>2,630.1</b>	<b>2,799.1</b>
Long-term debt	6,893.1	6,875.7
Long-term debt – related party	285.2	274.6
Other noncurrent liabilities	1,731.7	1,640.9
Deferred income taxes	1,209.6	1,180.9
<b>Total Noncurrent Liabilities</b>	<b>10,119.6</b>	<b>9,972.1</b>
<b>Total Liabilities</b>	<b>12,749.7</b>	<b>12,771.2</b>
<b>Commitments and Contingencies - See Note 11</b>		
<b>Air Products Shareholders' Equity</b>		
Common stock (par value \$1 per share; issued 2022 and 2021 - 249,455,584 shares)	249.4	249.4
Capital in excess of par value	1,112.0	1,115.8
Retained earnings	15,905.2	15,678.3
Accumulated other comprehensive loss	(1,452.3)	(1,515.9)
Treasury stock, at cost (2022 - 27,738,197 shares; 2021 - 28,058,829 shares)	(1,989.2)	(1,987.9)
<b>Total Air Products Shareholders' Equity</b>	<b>13,825.1</b>	<b>13,539.7</b>
<b>Noncontrolling Interests</b>	<b>550.5</b>	<b>548.3</b>
<b>Total Equity</b>	<b>14,375.6</b>	<b>14,088.0</b>
<b>Total Liabilities and Equity</b>	<b>\$27,125.3</b>	<b>\$26,859.2</b>

The accompanying notes are an integral part of these statements.

**Air Products and Chemicals, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**

<i>(Millions of dollars)</i>	Three Months Ended 31 December	
	2021	2020
<b>Operating Activities</b>		
Net income	\$549.6	\$486.7
Less: Net (loss) income attributable to noncontrolling interests of continuing operations	(10.8)	4.7
Net income attributable to Air Products	560.4	482.0
Income from discontinued operations	—	(10.3)
Income from continuing operations attributable to Air Products	560.4	471.7
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation and amortization	332.3	323.7
Deferred income taxes	15.7	47.6
Undistributed earnings of equity method investments	(117.3)	(10.8)
Gain on sale of assets and investments	(0.8)	(1.1)
Share-based compensation	15.8	9.8
Noncurrent lease receivables	21.8	21.9
Other adjustments	(49.4)	19.3
Working capital changes that provided (used) cash, excluding effects of acquisitions:		
Trade receivables	(132.7)	(44.1)
Inventories	(33.7)	(9.9)
Other receivables	14.0	(30.1)
Payables and accrued liabilities	167.6	24.2
Other working capital	(8.5)	(47.5)
<b>Cash Provided by Operating Activities</b>	<b>785.2</b>	<b>774.7</b>
<b>Investing Activities</b>		
Additions to plant and equipment, including long-term deposits	(663.8)	(664.2)
Acquisitions, less cash acquired	(34.6)	—
Investment in and advances to unconsolidated affiliates	(1,632.7)	(20.0)
Proceeds from sale of assets and investments	1.1	2.6
Purchases of investments	(727.4)	(158.5)
Proceeds from investments	1,331.9	855.0
Other investing activities	6.4	3.3
<b>Cash (Used for) Provided by Investing Activities</b>	<b>(1,719.1)</b>	<b>18.2</b>
<b>Financing Activities</b>		
Long-term debt proceeds	51.6	—
Payments on long-term debt	(400.0)	(1.1)
Net increase in commercial paper and short-term borrowings	113.1	4.5
Dividends paid to shareholders	(332.1)	(296.2)
Proceeds from stock option exercises	13.3	1.6
Other financing activities	(31.0)	(15.9)
<b>Cash Used for Financing Activities</b>	<b>(585.1)</b>	<b>(307.1)</b>
<b>Effect of Exchange Rate Changes on Cash</b>	<b>3.8</b>	<b>49.2</b>
(Decrease) Increase in cash and cash items	(1,515.2)	535.0
Cash and Cash items – Beginning of year	4,468.9	5,253.0
<b>Cash and Cash Items – End of Period</b>	<b>\$2,953.7</b>	<b>\$5,788.0</b>

The accompanying notes are an integral part of these statements.

**Air Products and Chemicals, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF EQUITY**  
**(Unaudited)**

Three Months Ended  
31 December 2021

<i>(Millions of dollars, except for per share data)</i>	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Air Products Shareholders' Equity	Non-controlling Interests	Total Equity
<b>Balance at 30 September 2021</b>	\$249.4	\$1,115.8	\$15,678.3	(\$1,515.9)	(\$1,987.9)	\$13,539.7	\$548.3	\$14,088.0
Net income	—	—	560.4	—	—	560.4	(10.8)	549.6
Other comprehensive income	—	—	—	63.6	—	63.6	11.2	74.8
Dividends on common stock (per share \$1.50)	—	—	(332.6)	—	—	(332.6)	—	(332.6)
Share-based compensation	—	14.1	—	—	—	14.1	—	14.1
Issuance of treasury shares for stock option and award plans	—	(18.1)	—	—	(1.3)	(19.4)	—	(19.4)
Investments by noncontrolling interests	—	—	—	—	—	—	3.6	3.6
Purchase of noncontrolling interests	—	—	—	—	—	—	(1.9)	(1.9)
Other equity transactions	—	0.2	(0.9)	—	—	(0.7)	0.1	(0.6)
<b>Balance at 31 December 2021</b>	\$249.4	\$1,112.0	\$15,905.2	(\$1,452.3)	(\$1,989.2)	\$13,825.1	\$550.5	\$14,375.6

Three Months Ended  
31 December 2020

<i>(Millions of dollars, except for per share data)</i>	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Air Products Shareholders' Equity	Non-controlling Interests	Total Equity
<b>Balance at 30 September 2020</b>	\$249.4	\$1,094.8	\$14,875.7	(\$2,140.1)	(\$2,000.0)	\$12,079.8	\$363.3	\$12,443.1
Net income	—	—	482.0	—	—	482.0	4.7	486.7
Other comprehensive income	—	—	—	426.8	—	426.8	19.7	446.5
Dividends on common stock (per share \$1.34)	—	—	(296.5)	—	—	(296.5)	—	(296.5)
Share-based compensation	—	10.3	—	—	—	10.3	—	10.3
Issuance of treasury shares for stock option and award plans	—	(21.0)	—	—	4.0	(17.0)	—	(17.0)
Investments by noncontrolling interests	—	—	—	—	—	—	0.6	0.6
Other equity transactions	—	(1.1)	(0.7)	—	—	(1.8)	—	(1.8)
<b>Balance at 31 December 2020</b>	\$249.4	\$1,083.0	\$15,060.5	(\$1,713.3)	(\$1,996.0)	\$12,683.6	\$388.3	\$13,071.9

The accompanying notes are an integral part of these statements.

**Air Products and Chemicals, Inc. and Subsidiaries**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

(Millions of dollars unless otherwise indicated, except for share and per share data)

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## 1. BASIS OF PRESENTATION AND MAJOR ACCOUNTING POLICIES

### Basis of Presentation

The interim consolidated financial statements of Air Products and Chemicals, Inc. and its subsidiaries ("we," "our," "us," the "Company," "Air Products," or "registrant") included herein have been prepared by us, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such rules and regulations. In our opinion, the accompanying statements reflect adjustments necessary to present fairly the financial position, results of operations, and cash flows for those periods indicated and contain adequate disclosures to make the information presented not misleading. Adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the notes to the interim consolidated financial statements. These notes, unless otherwise indicated, are presented on a continuing operations basis.

To fully understand the basis of presentation, the interim consolidated financial statements and related notes included herein should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended 30 September 2021 (the "2021 Form 10-K"). Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

### COVID-19 Risks and Uncertainties

There continue to be many unknowns regarding COVID-19, which was declared a global pandemic by the World Health Organization in March 2020, including the ongoing spread and severity of the virus and the pace of vaccine rollouts globally. Given the dynamic nature of these circumstances, uncertainty remains related to how the pandemic may affect our business, results of operations, and overall financial performance.

### Major Accounting Policies

Refer to our 2021 Form 10-K for a description of major accounting policies. There have been no significant changes to these accounting policies during the first three months of fiscal year 2022.

### Segment Reorganization

We reorganized our reporting segments effective 1 October 2021. Prior year segment information presented has been updated to conform with the fiscal year 2022 presentation. Refer to Note 17, *Business Segment Information*, for additional information.

## 2. NEW ACCOUNTING GUIDANCE

### New Accounting Guidance to be Implemented

#### Government Assistance

In November 2021, the Financial Accounting Standards Board ("FASB") issued disclosure guidance to increase the transparency of transactions an entity has with a government that are accounted for by applying a grant or contribution accounting model. This guidance is effective beginning in fiscal year 2023, with early adoption permitted. We are evaluating the impact this guidance will have on our consolidated financial statements.

#### Acquired Revenue Contracts in a Business Combination

In October 2021, the FASB issued an update for the recognition of contract assets and liabilities acquired in a business combination. Rather than recognizing such items at fair value on the acquisition date, the acquirer would measure and recognize contract assets and liabilities in accordance with ASC 606, *Revenue from Contracts with Customers*, as if it had originated the contract. This guidance is effective beginning in fiscal year 2024, with early adoption permitted. We are evaluating the impact this guidance will have on our consolidated financial statements.

#### Reference Rate Reform

In March 2020, the FASB issued an update to provide practical expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. This update is primarily applicable to our contracts and hedging relationships that reference the London Inter-Bank Offered Rate ("LIBOR"). The amendments may be applied to impacted contracts and hedges prospectively through 31 December 2022. To date, we have had no impacts on our hedging relationships related to reference rate reform. We will continue to evaluate the impact this guidance could have on our consolidated financial statements.

### 3. REVENUE RECOGNITION

The majority of our revenue is generated from our sale of gas customers within the regional industrial gases segments. We distribute gases through either our on-site or merchant supply mode depending on various factors, including the customer's volume requirements and location. The Corporate and other segment serves our sale of equipment customers.

#### Disaggregation of Revenue

The tables below present our consolidated sales disaggregated by supply mode for each of our reporting segments for the three months ended 31 December 2021 and 2020. We believe this presentation best depicts the nature, timing, type of customer, and contract terms for our sales.

	Americas	Asia	Europe	Middle East and India	Corporate and other	Total	%
<b>Three Months Ended 31 December 2021</b>							
On-site	\$797.6	\$451.6	\$325.6	\$16.3	\$—	\$1,591.1	53 %
Merchant	426.5	328.8	418.6	7.4	—	1,181.3	40 %
Sale of Equipment	—	—	—	—	221.8	221.8	7 %
<b>Total</b>	<b>\$1,224.1</b>	<b>\$780.4</b>	<b>\$744.2</b>	<b>\$23.7</b>	<b>\$221.8</b>	<b>\$2,994.2</b>	<b>100 %</b>
<b>Three Months Ended 31 December 2020</b>							
On-site	\$541.3	\$414.9	\$176.5	\$12.2	\$—	\$1,144.9	48 %
Merchant	391.7	302.6	367.0	7.3	—	1,068.6	45 %
Sale of Equipment	—	—	—	—	161.7	161.7	7 %
<b>Total</b>	<b>\$933.0</b>	<b>\$717.5</b>	<b>\$543.5</b>	<b>\$19.5</b>	<b>\$161.7</b>	<b>\$2,375.2</b>	<b>100 %</b>

#### Remaining Performance Obligations

As of 31 December 2021, the transaction price allocated to remaining performance obligations is estimated to be approximately \$24 billion. This amount includes fixed-charge contract provisions associated with our on-site and sale of equipment supply modes. We estimate that approximately half of this revenue will be recognized over approximately the next five years and the balance thereafter.

Expected revenue associated with new on-site plants that are not yet on stream is excluded from this amount. In addition, this amount excludes consideration associated with contracts having an expected duration of less than one year and variable consideration for which we recognize revenue at the amount to which we have the right to invoice, including pass-through costs related to energy and natural gas.

In the future, actual amounts will differ due to events outside of our control, including, but not limited to, inflationary price escalations; currency exchange rates; and amended, terminated, or renewed contracts.

#### Contract Balances

The table below details balances arising from contracts with customers:

	Balance Sheet Location	31 December 2021	30 September 2021
<b>Assets</b>			
Contract assets – current	Other receivables and current assets	\$34.1	\$119.4
Contract fulfillment costs – current	Other receivables and current assets	150.3	125.5
<b>Liabilities</b>			
Contract liabilities – current	Payables and accrued liabilities	519.4	366.8
Contract liabilities – noncurrent	Other noncurrent liabilities	59.2	58.4

Changes to our contract balances primarily relate to our sale of equipment contracts. During the three months ended 31 December 2021, we recognized approximately \$90 in revenue associated with sale of equipment contracts that was included within our contract liabilities as of 30 September 2021.

## 4. DISCONTINUED OPERATIONS

In the first quarter of fiscal year 2021, we recorded a tax benefit of \$10.3 primarily from the settlement of a state tax appeal related to the gain on the sale of our former Performance Materials Division in fiscal year 2017. The benefit is reflected within "Income from discontinued operations, net of tax" on our consolidated income statement for the three months ended 31 December 2020. The settlement did not have an impact on our statement of cash flows for the first three months of fiscal year 2021.

## 5. INVENTORIES

The components of inventories are as follows:

	31 December 2021	30 September 2021
Finished goods	\$158.5	\$150.7
Work in process	25.7	24.0
Raw materials, supplies and other	303.0	279.2
Inventories	\$487.2	\$453.9

## 6. EQUITY AFFILIATES

### Equity Affiliate Investment in Jazan Integrated Gasification and Power Company ("JIGPC")

On 27 October 2021, we made an initial investment of \$1.6 billion in Jazan Integrated Gasification and Power Company ("JIGPC"). JIGPC is a joint venture with Saudi Aramco Power Company (a subsidiary of Aramco), ACWA Power, and Air Products Qudra in the Jazan Economic City, Saudi Arabia. Our investment, which was made primarily in the form of shareholder loans, represents a 55% interest in the joint venture, of which 4% is attributable to the non-controlling partner of Air Products Qudra. Our \$1.6 billion investment includes approximately \$130 from the non-controlling partner.

We expect to make an additional investment in JIGPC of approximately \$1 billion in 2023.

We determined JIGPC is a variable interest entity for which we are not the primary beneficiary as we do not have the power to direct the activities that are most significant to the economic performance of the joint venture. Instead, these activities, including plant dispatch, operating and maintenance decisions, budgeting, capital expenditures, and financing, require unanimous approval of the owners or are controlled by the customer. Therefore, our investment in JIGPC has been accounted for under the equity method within the Middle East and India segment.

Pursuant to the joint venture agreement, cash distributions will include preferred distributions to some shareholders. We record our share of income considering current distributions and projections of cash available to Air Products over the life of the venture.

As of 31 December 2021, the carrying value of our investment totaled \$1,696.1 and is presented as "Investments in and advances to equity affiliates" on our consolidated balance sheet. Our loss exposure is limited to our investment in the joint venture.

### JIGPC Joint Venture

On 27 September 2021, JIGPC signed definitive agreements for the acquisition of project assets from Aramco for \$12 billion and entered into related project financing for the purchase. JIGPC will complete the acquisition of the project assets, which include power blocks, gasifiers, air separation units, syngas cleanup assets, and utilities, in two phases. The first phase was completed on 27 October 2021 for \$7 billion. The second phase is expected to be completed in 2023. JIGPC will commission, operate, and maintain the project assets to supply electricity, steam, hydrogen and utilities to Aramco's refinery and terminal complex under a 25-year agreement, which commenced in the first quarter of fiscal year 2022.

JIGPC accounted for the asset transfer as a financing. Accordingly, the joint venture recorded a financing receivable upon acquisition and will recognize financing income over the supply term.

### Jazan Gas Project Company

Jazan Gas Project Company ("JGPC"), a joint venture between Air Products and ACWA Holding, entered into a 20-year oxygen and nitrogen supply agreement in 2015 to supply Aramco's oil refinery and power plant in Jazan, Saudi Arabia. We own 26% of the joint venture.

In October 2021, the supply agreement between JGPC and Aramco was terminated, and JGPC sold its air separation units to Aramco. We initially sold these assets to JGPC and deferred revenue and profit equal to our ownership percentage in the joint venture. With the termination of the supply agreement and sale of the air separation units complete, we recognized the remaining deferred profit, net of other project finalization costs, in equity affiliates' income in the first quarter of fiscal year 2022.

As of 30 September 2021, our consolidated balance sheets included \$94.4 reflected within "Payables and accrued liabilities" for our obligation to make equity contributions based on our proportionate share of advances received by the joint venture under an equity bridge loan. The joint venture utilized a portion of the proceeds from the sale of the air separation units to repay its outstanding debt, including the equity bridge loan. Accordingly, we recorded a noncash adjustment of \$94.4 in the first quarter of fiscal year 2022 to reduce our obligation to zero with a corresponding reduction to the carrying value of our investment in the joint venture.

## 7. GOODWILL

Changes to the carrying amount of consolidated goodwill by segment for the three months ended 31 December 2021 are as follows:

	Americas	Asia	Europe	Middle East and India	Corporate and other	Total
Goodwill, net at 30 September 2021	\$151.0	\$184.3	\$533.5	\$8.0	\$34.7	\$911.5
Acquisitions <sup>(A)</sup>	—	—	17.0	—	—	17.0
Currency translation and other	(2.3)	0.8	(3.7)	—	—	(5.2)
<b>Goodwill, net at 31 December 2021</b>	<b>\$148.7</b>	<b>\$185.1</b>	<b>\$546.8</b>	<b>\$8.0</b>	<b>\$34.7</b>	<b>\$923.3</b>

<sup>(A)</sup> We recognized goodwill in the first quarter of fiscal year 2022 for expected cost synergies associated with a small business combination in Europe. The goodwill, which we do not expect to be deductible for tax purposes, is based on a preliminary purchase price allocation as of 31 December 2021.

	31 December 2021	30 September 2021
Goodwill, gross	\$1,234.6	\$1,239.2
Accumulated impairment losses <sup>(A)</sup>	(311.3)	(327.7)
<b>Goodwill, net</b>	<b>\$923.3</b>	<b>\$911.5</b>

<sup>(A)</sup> Accumulated impairment losses include the impacts of currency translation. These losses are attributable to our Latin America reporting unit ("LASA") within the Americas segment.

We review goodwill for impairment annually in the fourth quarter of the fiscal year and whenever events or changes in circumstances indicate that the carrying value of goodwill might not be recoverable.

## 8. FINANCIAL INSTRUMENTS

### Currency Price Risk Management

Our 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 our policy to seek to minimize our cash flow volatility from changes in currency exchange rates. This is accomplished by identifying and evaluating the risk that our cash flows will change in value due to changes in exchange rates and by executing strategies necessary to manage such exposures. Our objective is to maintain economically balanced currency risk management strategies that provide adequate downside protection.

### Forward Exchange Contracts

We enter 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. We also enter into forward exchange contracts to hedge the cash flow exposure on intercompany loans and third-party debt. This portfolio of forward exchange contracts consists primarily of Euros and U.S. Dollars. The maximum remaining term of any forward exchange contract currently outstanding and designated as a cash flow hedge at 31 December 2021 is 3.7 years.

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 we have a net equity position. The primary currency pair in this portfolio of forward exchange contracts is Euros and U.S. Dollars.

We also utilize forward exchange contracts that are not designated as hedges. These contracts are used to economically hedge foreign currency-denominated monetary assets and liabilities, primarily working capital. The primary objective of these forward exchange 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. This portfolio of forward exchange contracts consists of many different foreign currency pairs, with a profile that changes from time to time depending on our business activity and sourcing decisions.

The table below summarizes our outstanding currency price risk management instruments:

	31 December 2021		30 September 2021	
	US\$ Notional	Years Average Maturity	US\$ Notional	Years Average Maturity
<b>Forward Exchange Contracts:</b>				
Cash flow hedges	\$3,601.8	0.5	\$3,465.2	0.6
Net investment hedges	619.4	2.8	638.0	3.0
Not designated	319.7	0.1	692.6	0.1
<b>Total Forward Exchange Contracts</b>	<b>\$4,540.9</b>	<b>0.8</b>	<b>\$4,795.8</b>	<b>0.8</b>

We also use foreign currency-denominated debt to hedge the foreign currency exposures of our net investment in certain foreign subsidiaries. The designated foreign currency-denominated debt and related accrued interest was €1,306.9 million (\$1,485.9) at 31 December 2021 and €1,297.5 million (\$1,502.6) at 30 September 2021. The designated foreign currency-denominated debt is presented within "Long-term debt" on the consolidated balance sheets.

### Debt Portfolio Management

It is our policy to identify, on a continuing basis, the need for debt capital and to evaluate the financial risks inherent in funding the Company with debt capital. Reflecting the result of this ongoing review, our debt portfolio and hedging program are managed with the intent to (1) reduce funding risk with respect to borrowings made by us to preserve our 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 Management Contracts

We enter into interest rate swaps to change the fixed/variable interest rate mix of our 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 manage interest rate risks and costs inherent in our debt portfolio. Our interest rate management portfolio generally consists of fixed-to-floating interest rate swaps (which are designated as fair value hedges), pre-issuance interest rate swaps and treasury locks (which hedge the interest rate risk associated with anticipated fixed-rate debt issuances and are designated as cash flow hedges), and floating-to-fixed interest rate swaps (which are designated as cash flow hedges). As of 31 December 2021, the outstanding interest rate swaps were denominated in U.S. Dollars. The notional amount of the interest rate swap agreements is equal to or less than the designated debt being hedged. When interest rate swaps are used to hedge variable-rate debt, the indices of the swaps and the debt to which they are designated are the same. It is our policy not to enter into any interest rate management contracts which lever a move in interest rates on a greater than one-to-one basis.

### Cross Currency Interest Rate Swap Contracts

We enter into cross currency interest rate swap contracts when our risk management function deems necessary. 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. The contracts are used to hedge either certain net investments in foreign operations or non-functional currency cash flows related to intercompany loans. The current cross currency interest rate swap portfolio consists of fixed-to-fixed swaps primarily between U.S. Dollars and Chinese Renminbi, U.S. Dollars and Indian Rupee, and U.S. Dollars and Chilean Pesos.

The table below summarizes our outstanding interest rate management contracts and cross currency interest rate swaps:

	31 December 2021				30 September 2021			
	US\$ Notional	Average Pay %	Average Receive %	Years Average Maturity	US\$ Notional	Average Pay %	Average Receive %	Years Average Maturity
Interest rate swaps (fair value hedge)	\$400.0	LIBOR	1.23 %	4.6	\$200.0	LIBOR	2.76 %	0.1
Cross currency interest rate swaps (net investment hedge)	\$214.4	4.34 %	3.15 %	2.0	\$210.2	4.32 %	3.14 %	2.2
Cross currency interest rate swaps (cash flow hedge)	\$1,032.8	4.97 %	2.93 %	2.5	\$1,005.7	4.98 %	2.93 %	2.7
Cross currency interest rate swaps (not designated)	\$—	— %	— %	0.0	\$4.2	5.39 %	3.54 %	2.2

The table below provides the amounts recorded on the consolidated balance sheet related to cumulative basis adjustments for fair value hedges:

Balance Sheet Location	Carrying amounts of hedged item		Cumulative hedging adjustment, included in carrying amount	
	31 December 2021	30 September 2021	31 December 2021	30 September 2021
Current portion of long-term debt	\$—	\$400.5	\$—	\$0.5
Long-term debt	1,192.9	—	(2.0)	—

The table below summarizes the fair value and balance sheet location of our outstanding derivatives:

	Balance Sheet Location	31 December 2021	30 September 2021	Balance Sheet Location	31 December 2021	30 September 2021
<b>Derivatives Designated as Hedging Instruments:</b>						
Forward exchange contracts	Other receivables and current assets	\$40.4	\$35.1	Payables and accrued liabilities	\$52.0	\$57.2
Interest rate management contracts	Other receivables and current assets	16.5	16.0	Payables and accrued liabilities	8.6	5.2
Forward exchange contracts	Other noncurrent assets	4.7	5.5	Other noncurrent liabilities	18.2	25.2
Interest rate management contracts	Other noncurrent assets	21.2	18.1	Other noncurrent liabilities	47.4	27.5
<b>Total Derivatives Designated as Hedging Instruments</b>		\$82.8	\$74.7		\$126.2	\$115.1
<b>Derivatives Not Designated as Hedging Instruments:</b>						
Forward exchange contracts	Other receivables and current assets	2.3	8.7	Payables and accrued liabilities	1.6	6.4
<b>Total Derivatives Not Designated as Hedging Instruments</b>		\$2.3	\$8.7		\$1.6	\$6.4
<b>Total Derivatives</b>		\$85.1	\$83.4		\$127.8	\$121.5

Refer to Note 9, *Fair Value Measurements*, which defines fair value, describes the method for measuring fair value, and provides additional disclosures regarding fair value measurements.

The tables below summarize gains (losses) recognized in other comprehensive income during the period related to our net investment and cash flow hedging relationships:

	Three Months Ended 31 December	
	2021	2020
<b>Net Investment Hedging Relationships</b>		
Forward exchange contracts	\$14.5	(\$35.9)
Foreign currency debt	27.6	(64.2)
Cross currency interest rate swaps	(2.3)	(14.2)
<b>Total Amount Recognized in OCI</b>	<b>39.8</b>	<b>(114.3)</b>
Tax effects	(9.8)	28.6
<b>Net Amount Recognized in OCI</b>	<b>\$30.0</b>	<b>(\$85.7)</b>

	Three Months Ended 31 December	
	2021	2020
<b>Derivatives in Cash Flow Hedging Relationships</b>		
Forward exchange contracts	(\$23.4)	\$64.7
Forward exchange contracts, excluded components	(2.7)	(2.7)
Other <sup>(A)</sup>	14.5	(45.5)
<b>Total Amount Recognized in OCI</b>	<b>(11.6)</b>	<b>16.5</b>
Tax effects	11.1	(2.7)
<b>Net Amount Recognized in OCI</b>	<b>(\$0.5)</b>	<b>\$13.8</b>

<sup>(A)</sup> Other primarily includes interest rate and cross currency interest rate swaps for which excluded components are recognized in "Payables and accrued liabilities" and "Other receivables and current assets" as a component of accrued interest payable and accrued interest receivable, respectively. These excluded components are recorded in "Other non-operating income (expense), net" over the life of the cross currency interest rate swap. Other also includes the recognition of our share of gains and losses, net of tax, related to interest rate swaps held by our equity affiliates.

The tables below summarize the location and amounts recognized in income related to our cash flow and fair value hedging relationships by contract type:

	Three Months Ended 31 December							
	Sales		Cost of Sales		Interest Expense		Other Non-Operating Income (Expense), Net	
	2021	2020	2021	2020	2021	2020	2021	2020
Total presented in consolidated income statements that includes effects of hedging below	\$2,994.2	\$2,375.2	\$2,223.6	\$1,632.4	\$30.5	\$36.7	\$22.6	\$18.6
<b>(Gain) Loss Effects of Cash Flow Hedging:</b>								
Forward Exchange Contracts:								
Amount reclassified from OCI into income	\$0.4	\$0.1	(\$0.1)	(\$0.1)	\$—	\$—	\$14.5	(\$51.6)
Amount excluded from effectiveness testing recognized in earnings based on amortization approach	—	—	—	—	—	—	1.3	2.8
Other:								
Amount reclassified from OCI into income	—	—	—	—	1.4	1.4	7.3	45.3
<b>Total (Gain) Loss Reclassified from OCI to Income</b>	0.4	0.1	(0.1)	(0.1)	1.4	1.4	23.1	(3.5)
Tax effects	(0.1)	—	—	0.2	(0.5)	(0.5)	(5.5)	1.1
<b>Net (Gain) Loss Reclassified from OCI to Income</b>	\$0.3	\$0.1	(\$0.1)	\$0.1	\$0.9	\$0.9	\$17.6	(\$2.4)
<b>(Gain) Loss Effects of Fair Value Hedging:</b>								
Other:								
Hedged items	\$—	\$—	\$—	\$—	(\$2.5)	(\$1.3)	\$—	\$—
Derivatives designated as hedging instruments	—	—	—	—	2.5	1.3	—	—
<b>Total (Gain) Loss Recognized in Income</b>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—

The tables below summarize the location and amounts recognized in income related to our derivatives not designated as hedging instruments by contract type:

	Three Months Ended 31 December			
	Other Income (Expense), Net		Other Non-Operating Income (Expense), Net	
	2021	2020	2021	2020
<b>The Effects of Derivatives Not Designated as Hedging Instruments:</b>				
Forward Exchange Contracts	\$1.1	\$2.8	(\$0.6)	(\$1.3)
Other	—	—	0.1	0.5
<b>Total (Gain) Loss Recognized in Income</b>	\$1.1	\$2.8	(\$0.5)	(\$0.8)

The amount of unrealized gains and losses related to cash flow hedges as of 31 December 2021 that are expected to be reclassified to earnings in the next twelve months is not material.

The cash flows related to all derivative contracts are reported in the operating activities section of the consolidated statements of cash flows.

### **Credit Risk-Related Contingent Features**

Certain derivative instruments are executed under agreements that require us to maintain a minimum credit rating with both Standard & Poor's and Moody's. If our credit rating falls below this threshold, 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 \$71.5 and \$53.4 as of 31 December 2021 and 30 September 2021, respectively. Because our current credit rating is above the various pre-established thresholds, no collateral has been posted on these liability positions.

### **Counterparty Credit Risk Management**

We execute financial derivative transactions with counterparties that are highly rated financial institutions, all of which are investment grade at this time. Some of our underlying derivative agreements give us the right to require the institution to post collateral if its credit rating falls below the pre-established thresholds with Standard & Poor's or Moody's. The collateral that the counterparties would be required to post was \$48.0 and \$38.1 as of 31 December 2021 and 30 September 2021, respectively. No financial institution is required to post collateral at this time as all have credit ratings at or above threshold.

## **9. FAIR VALUE MEASUREMENTS**

Fair value is defined as an exit price, or 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 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 our own assumptions about the assumptions market participants would use in pricing the asset or liability.

The methods and assumptions used to measure the fair value of financial instruments are as follows:

### **Short-term Investments**

Short-term investments primarily include time deposits with original maturities greater than three months and less than one year. We estimated the fair value of our short-term investments, which approximates carrying value as of the balance sheet date, using Level 2 inputs within the fair value hierarchy. Level 2 measurements were based on current interest rates for similar investments with comparable credit risk and time to maturity.

### **Derivatives**

The fair value of our interest rate management contracts and forward exchange contracts are quantified using the income approach and are based on estimates using standard pricing models. These models consider the value of future cash flows as of the balance sheet date, discounted to a present value using discount factors that match both the time to maturity and currency of the underlying instruments. These standard pricing models utilize inputs that are derived from or corroborated by observable market data such as interest rate yield curves as well as currency spot and forward rates; therefore, the fair value of our derivatives is classified as a Level 2 measurement. On an ongoing basis, we randomly test a subset of our valuations against valuations received from the transaction's counterparty to validate the accuracy of our standard pricing models. Counterparties to these derivative contracts are highly rated financial institutions.

Refer to Note 8, *Financial Instruments*, for a description of derivative instruments, including details related to the balance sheet line classifications.

### **Long-term Debt, Including Related Party**

The fair value of our debt is based on estimates using standard pricing models that consider the value of future cash flows as of the balance sheet date, discounted to a present value using discount factors that match both the time to maturity and currency of the underlying instruments. These standard valuation models utilize observable market data such as interest rate yield curves and currency spot rates; therefore, the fair value of our debt is classified as a Level 2 measurement. We generally perform the computation of the fair value of these instruments.

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

	31 December 2021		30 September 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
<b>Assets</b>				
Derivatives				
Forward exchange contracts	\$47.4	\$47.4	\$49.3	\$49.3
Interest rate management contracts	37.7	37.7	34.1	34.1
<b>Liabilities</b>				
Derivatives				
Forward exchange contracts	\$71.8	\$71.8	\$88.8	\$88.8
Interest rate management contracts	56.0	56.0	32.7	32.7
Long-term debt, including current portion and related party	7,265.1	7,421.1	7,634.8	7,812.2

The carrying amounts reported on the consolidated balance sheets for cash and cash items, short-term investments, 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 table below summarizes assets and liabilities on the consolidated balance sheets that are measured at fair value on a recurring basis:

	31 December 2021				30 September 2021			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
<b>Assets at Fair Value</b>								
Derivatives								
Forward exchange contracts	\$47.4	\$—	\$47.4	\$—	\$49.3	\$—	\$49.3	\$—
Interest rate management contracts	37.7	—	37.7	—	34.1	—	34.1	—
Total Assets at Fair Value	\$85.1	\$—	\$85.1	\$—	\$83.4	\$—	\$83.4	\$—
<b>Liabilities at Fair Value</b>								
Derivatives								
Forward exchange contracts	\$71.8	\$—	\$71.8	\$—	\$88.8	\$—	\$88.8	\$—
Interest rate management contracts	56.0	—	56.0	—	32.7	—	32.7	—
Total Liabilities at Fair Value	\$127.8	\$—	\$127.8	\$—	\$121.5	\$—	\$121.5	\$—

## 10. RETIREMENT BENEFITS

The components of net periodic (benefit) cost for our defined benefit pension plans for the three months ended 31 December 2021 and 2020 were as follows:

Three Months Ended 31 December	Pension Benefits			
	2021		2020	
	U.S.	International	U.S.	International
Service cost	\$4.6	\$5.6	\$5.4	\$5.7
Interest cost	18.4	7.6	17.2	6.1
Expected return on plan assets	(42.1)	(17.7)	(48.6)	(20.2)
Prior service cost amortization	0.3	—	0.3	—
Actuarial loss amortization	16.7	3.9	19.7	4.6
Settlements	0.9	—	—	—
Other	—	0.8	—	0.3
Net Periodic (Benefit) Cost	(\$1.2)	\$0.2	(\$6.0)	(\$3.5)

Our service costs are primarily included within "Cost of sales" and "Selling and administrative" on our consolidated income statements. The amount of service costs capitalized in the first three months of fiscal years 2022 and 2021 were not material. The non-service related impacts, including pension settlement losses, are presented outside operating income within "Other non-operating income (expense), net."

For the three months ended 31 December 2021 and 2020, our cash contributions to funded pension plans and benefit payments under unfunded pension plans were \$9.1 and \$21.2, respectively. Total contributions for fiscal year 2022 are expected to be approximately \$40 to \$50. During fiscal year 2021, total contributions were \$44.6.

During the three months ended 31 December 2021 and 2020, we recognized actuarial gain amortization of \$0.4 for our other postretirement benefits plan.

## 11. COMMITMENTS AND CONTINGENCIES

### Litigation

We are involved in various legal proceedings, including commercial, competition, environmental, intellectual property, regulatory, product liability, and insurance matters. We do not currently believe there are any legal proceedings, individually or in the aggregate, that are reasonably possible to have a material impact on our financial condition, results of operations, or cash flows.

In September 2010, the Brazilian Administrative Council for Economic Defense ("CADE") issued a decision against our Brazilian subsidiary, Air Products Brasil Ltda., and several other Brazilian industrial gas companies for alleged anticompetitive activities. CADE imposed a civil fine of R\$179.2 million (approximately \$32 at 31 December 2021) on Air Products Brasil Ltda. This fine was based on a recommendation by a unit of the Brazilian Ministry of Justice, following an investigation beginning in 2003, which alleged violation of competition laws with respect to the sale of industrial and medical gases. The fines are based on a percentage of our total revenue in Brazil in 2003.

We have denied the allegations made by the authorities and filed an appeal in October 2010 with the Brazilian courts. On 6 May 2014, our appeal was granted and the fine against Air Products Brasil Ltda. was dismissed. CADE has appealed that ruling and the matter remains pending. We, with advice of our outside legal counsel, have assessed the status of this matter and have concluded that, although an adverse final judgment after exhausting all appeals is possible, such a judgment is not probable. As a result, no provision has been made in the consolidated financial statements. In the event of an adverse final judgment, we estimate the maximum possible loss to be the full amount of the fine of R\$179.2 million (approximately \$32 at 31 December 2021) plus interest accrued thereon until final disposition of the proceedings.

Additionally, Winter Storm Uri, a severe winter weather storm in the U.S. Gulf Coast in February 2021, disrupted our operations and caused power and natural gas prices to spike significantly in Texas. We remain in litigation of a dispute regarding energy management services related to the impact of this event, and other disputes may arise from such power price increases. In addition, legislative action may affect power supply and energy management charges. While it is reasonably possible that we could incur additional costs related to power supply and energy management services in Texas related to the winter storm, it is too early to estimate potential losses, if any, given significant unknowns resulting from the unusual nature of this event.

### **Environmental**

In the normal course of business, we are involved in legal proceedings under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA," the federal Superfund law), Resource Conservation and Recovery Act ("RCRA"), and similar state and foreign environmental laws relating to the designation of certain sites for investigation or remediation. Presently, there are 32 sites on which a final settlement has not been reached where we, along with others, have been designated a potentially responsible party by environmental authorities or are otherwise engaged in investigation or remediation, including cleanup activity at certain of our current and former manufacturing sites. We continually monitor these sites for which we have 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. The consolidated balance sheets at 31 December 2021 and 30 September 2021 included an accrual of \$75.6 and \$76.7, respectively, primarily as part of other noncurrent liabilities. The environmental liabilities will be paid over a period of up to 30 years. We estimate the exposure for environmental loss contingencies to range from \$74 to a reasonably possible upper exposure of \$88 as of 31 December 2021.

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 our proportionate share occurs. We do not expect that any sum we 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 our financial position or results of operations in any one year.

### Pace

At 31 December 2021, \$39.2 of the environmental accrual was related to the Pace facility.

In 2006, we sold our Amines business, which included operations at Pace, Florida, and recognized a liability for retained environmental obligations associated with remediation activities at Pace. We are required by the Florida Department of Environmental Protection ("FDEP") and the United States Environmental Protection Agency ("USEPA") to continue our remediation efforts. We recognized a before-tax expense of \$42 in fiscal year 2006 in results from discontinued operations and recorded an environmental accrual of \$42 in continuing operations on the consolidated balance sheets.

During the second quarter of fiscal year 2020, we completed an updated cost review of the environmental remediation status at the Pace facility. The review was completed in conjunction with requirements to maintain financial assurance per the Consent Order issued by the FDEP discussed below. Based on our review, we expect ongoing activities to continue for 30 years. Additionally, we will require near-term spending to install new groundwater recovery wells and ancillary equipment, in addition to future capital to consider the extended time horizon for remediation at the site. As a result of these changes, we increased our environmental accrual for this site by \$19 in continuing operations on the consolidated balance sheets and recognized a before-tax expense of \$19 in results from discontinued operations in the second quarter of fiscal year 2020. There has been no change to the estimated exposure range related to the Pace facility since the second quarter of fiscal year 2020.

We have implemented many of the remedial corrective measures at the Pace 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 corrective action management unit. Several groundwater recovery systems have been installed to contain and remove contamination from groundwater. We completed an extensive assessment of the site to determine the efficacy of existing measures, what additional corrective measures may be needed, and whether newer remediation technologies that were not available in the 1990s might be suitable to more quickly and effectively remediate groundwater. Based on assessment results, we completed a focused feasibility study that has identified alternative approaches that may more effectively remove contaminants. We continue to review alternative remedial approaches with the FDEP and have started additional field work to support the design of an improved groundwater recovery network with the objective of targeting areas of higher contaminant concentration and avoiding areas of high groundwater iron which has proven to be a significant operability issue for the project. In the first quarter of 2015, we entered into a new Consent Order with the FDEP requiring us to continue our remediation efforts at the Pace facility, along with the completion of a cost review every 5 years.

#### Piedmont

At 31 December 2021, \$9.3 of the environmental accrual was related to the Piedmont site.

On 30 June 2008, we sold our 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, we 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.

We are required by the South Carolina Department of Health and Environmental Control ("SCDHEC") to address both contaminated soil and groundwater. Numerous areas of soil contamination have been addressed, and contaminated groundwater is being recovered and treated. The SCDHEC issued its final approval to the site-wide feasibility study on 13 June 2017 and the Record of Decision for the site on 27 June 2018, after which we signed a Consent Agreement Amendment memorializing our obligations to complete the cleanup of the site. Remediation has started in accordance with the design, which includes in-situ chemical oxidation treatment, as well as the installation of a soil vapor extraction system to remove volatile organic compounds from the unsaturated soils beneath the impacted areas of the plant. We estimate that source area remediation and groundwater recovery and treatment will continue through 2029. Thereafter, we expect this site to go into a state of monitored natural attenuation through 2047.

We recognized a before-tax expense of \$24 in 2008 as a component of income from discontinued operations and recorded an environmental liability of \$24 in continuing operations on the consolidated balance sheets. There have been no significant changes to the estimated exposure.

#### Pasadena

At 31 December 2021, \$11.2 of the environmental accrual was related to the Pasadena site.

During the fourth quarter of 2012, management committed to permanently shutting down our polyurethane intermediates ("PUI") production facility in Pasadena, Texas. In shutting down and dismantling the facility, we have undertaken certain obligations related to soil and groundwater contaminants. We have been pumping and treating groundwater to control off-site contaminant migration in compliance with regulatory requirements and under the approval of the Texas Commission on Environmental Quality ("TCEQ"). We estimate that the pump and treat system will continue to operate until 2042.

We plan to perform additional work to address other environmental obligations at the site. This additional work includes remediating, as required, impacted soils, investigating groundwater west of the former PUI facility, performing post closure care for two closed RCRA surface impoundment units, establishing engineering controls, and performing a pilot study to treat impacted soils. In 2012, we estimated the total exposure at this site to be \$13. There have been no significant changes to the estimated exposure.

## 12. SHARE-BASED COMPENSATION

We have various share-based compensation programs, which include deferred stock units, stock options, and restricted stock. During the three months ended 31 December 2021, we granted market-based and time-based deferred stock units. Under all programs, the terms of the awards are fixed at the grant date. We issue shares from treasury stock upon the payout of deferred stock units, the exercise of stock options, and the issuance of restricted stock awards. As of 31 December 2021, there were 1.3 million shares available for future grant under our Long-Term Incentive Plan ("LTIP").

Share-based compensation cost recognized on the consolidated income statements is summarized below:

	Three Months Ended 31 December	
	2021	2020
Before-tax share-based compensation cost	\$16.8	\$9.5
Income tax benefit	(4.1)	(2.3)
After-tax share-based compensation cost	\$12.7	\$7.2

Before-tax share-based compensation cost is primarily included in "Selling and administrative" on our consolidated income statements. The amount of share-based compensation cost capitalized in the first three months of fiscal years 2022 and 2021 was not material.

### Deferred Stock Units

During the three months ended 31 December 2021, we granted 74,079 market-based deferred stock units. The market-based deferred stock units are earned over the performance period beginning 1 October 2021 and ending 30 September 2024, conditioned on the level of our total shareholder return in relation to a defined peer group over the three-year performance period.

The market-based deferred stock units had an estimated grant-date fair value of \$427.23 per unit, which was estimated using a Monte Carlo simulation model. The model utilizes multiple input variables that determine the probability of satisfying the market condition stipulated in the grant and calculates the fair value of the awards. We generally expense the grant-date fair value of these awards on a straight-line basis over the vesting period. The calculation of the fair value of market-based deferred stock units used the following assumptions:

Expected volatility	30.5 %
Risk-free interest rate	0.8 %
Expected dividend yield	2.1 %

In addition, during the three months ended 31 December 2021, we granted 94,892 time-based deferred stock units at a weighted average grant-date fair value of \$285.92.

## 13. ACCUMULATED OTHER COMPREHENSIVE LOSS

The table below summarizes changes in accumulated other comprehensive loss ("AOCL"), net of tax, attributable to Air Products for the three months ended 31 December 2021:

	Derivatives qualifying as hedges	Foreign currency translation adjustments	Pension and postretirement benefits	Total
<b>Balance at 30 September 2021</b>	(\$28.3)	(\$893.8)	(\$593.8)	(\$1,515.9)
Other comprehensive (loss) income before reclassifications	(0.5)	40.6	—	40.1
Amounts reclassified from AOCL	18.7	—	16.0	34.7
Net current period other comprehensive income	18.2	40.6	16.0	74.8
Amount attributable to noncontrolling interests	7.4	3.8	—	11.2
<b>Balance at 31 December 2021</b>	(\$17.5)	(\$857.0)	(\$577.8)	(\$1,452.3)

The table below summarizes the reclassifications out of AOCL and the affected line item on the consolidated income statements:

	Three Months Ended 31 December	
	2021	2020
<b>Loss (Gain) on Cash Flow Hedges, net of tax</b>		
Sales	\$0.3	\$0.1
Cost of sales	(0.1)	0.1
Interest expense	0.9	0.9
Other non-operating income (expense), net	17.6	(2.4)
<b>Total Loss (Gain) on Cash Flow Hedges, net of tax</b>	<b>\$18.7</b>	<b>(\$1.3)</b>
<b>Pension and Postretirement Benefits, net of tax<sup>(A)</sup></b>	<b>\$16.0</b>	<b>\$18.3</b>

<sup>(A)</sup> The components of net periodic benefit cost reclassified out of AOCL include items such as prior service cost amortization, actuarial loss amortization, and settlements and are included in "Other non-operating income (expense), net" on the consolidated income statements. Refer to Note 10, *Retirement Benefits*, for additional information.

## 14. EARNINGS PER SHARE

The table below details the computation of basic and diluted earnings per share ("EPS"):

	Three Months Ended 31 December	
	2021	2020
<b>Numerator</b>		
Net income from continuing operations	\$560.4	\$471.7
Net income from discontinued operations	—	10.3
<b>Net Income Attributable to Air Products</b>	<b>\$560.4</b>	<b>\$482.0</b>
<b>Denominator (in millions)</b>		
Weighted average common shares — Basic	221.9	221.5
Effect of dilutive securities		
Employee stock option and other award plans	0.7	1.1
<b>Weighted average common shares — Diluted</b>	<b>222.6</b>	<b>222.6</b>
<b>Per Share Data*</b>		
Basic EPS from continuing operations	\$2.53	\$2.13
Basic EPS from discontinued operations	—	0.05
<b>Basic EPS Attributable to Air Products</b>	<b>\$2.53</b>	<b>\$2.18</b>
Diluted EPS from continuing operations	\$2.52	\$2.12
Diluted EPS from discontinued operations	—	0.05
<b>Diluted EPS Attributable to Air Products</b>	<b>\$2.52</b>	<b>\$2.17</b>

\*EPS is calculated independently for each component and may not sum to total EPS due to rounding.

For the three months ended 31 December 2021 and 2020, there were no antidilutive outstanding share-based awards.

## 15. INCOME TAXES

### Effective Tax Rate

Our effective tax rate was 17.1% and 19.3% for the three months ended 31 December 2021 and 2020, respectively.

### Cash Paid for Taxes (Net of Cash Refunds)

Income tax payments, net of refunds, were \$50.3 and \$73.4 for the three months ended 31 December 2021 and 2020, respectively.

## 16. SUPPLEMENTAL INFORMATION

### Related Party Transactions

We have related party sales to some of our equity affiliates and joint venture partners as well as other income primarily from fees charged for use of Air Products' patents and technology as well as interest income on advances to unconsolidated affiliates. Sales to and other income from related parties totaled approximately \$80 and \$50 for the three months ended 31 December 2021 and 2020, respectively. Sales agreements with related parties include terms that are consistent with those that we believe would have been negotiated at an arm's length with an independent party. As of 31 December 2021 and 30 September 2021, our consolidated balance sheets included related party trade receivables of approximately \$130 and \$90, respectively.

We also have related party debt primarily for a loan with our joint venture partner, Lu'An Clean Energy Company, which partially funded the acquisition of their assets by a consolidated joint venture in 2018. Total related party debt, including the current portion, was \$370.1 and \$358.4 as of 31 December 2021 and 30 September 2021, respectively.

### Changes in Estimates

Changes in estimates on projects accounted for under the cost incurred input method are recognized as a cumulative adjustment for the inception-to-date effect of such change. We recorded changes to project cost estimates during the first three months of fiscal year 2022 for which the impact to operating income was not material. Our changes in estimates would not have significantly impacted amounts recorded in prior years.

### Debt Repayment

In November 2021, we repaid a 3.0% Senior Note of \$400, plus interest, on its maturity date.

### Lessee Accounting

During the three months ended 31 December 2021, we recorded noncash right-of-use asset additions of approximately \$115, primarily for operating leases that had not yet commenced as of 30 September 2021.

## 17. BUSINESS SEGMENT INFORMATION

Our reporting segments reflect the manner in which our chief operating decision maker reviews results and allocates resources. Effective 1 October 2021, we report our results under the following five reporting segments:

- Americas;
- Asia;
- Europe;
- Middle East and India; and
- Corporate and other

Except for the Corporate and other segment, each reporting segment meets the definition of an operating segment and does not include the aggregation of multiple operating segments. Our Corporate and other segment includes the aggregation of three operating segments that meet the aggregation criteria under GAAP.

### Segment Reorganization

The segment results presented below reflect the segment reorganization announced on 4 November 2021. The reorganization included the separation of our former Industrial Gases – EMEA (Europe, Middle East, and Africa) segment into two separate reporting segments: (1) Europe and (2) Middle East and India. The results of an affiliate formerly reflected in the Asia segment are now reported in the Middle East and India segment. Additionally, the results of our Industrial Gases – Global operating segment are reflected in the Corporate and other segment. The prior year information presented below has been updated to conform with the fiscal year 2022 presentation.

### Summary by Business Segment

	Americas	Asia	Europe	Middle East and India	Corporate and other	Total
<b>Three Months Ended 31 December 2021</b>						
Sales	\$1,224.1	\$780.4	\$744.2	\$23.7	\$221.8	\$2,994.2 <sup>(A)</sup>
Operating income (loss)	267.2	221.1	99.2	4.8	(69.3)	523.0
Depreciation and amortization	155.3	110.8	49.8	6.1	10.3	332.3
Equity affiliates' income	34.2	6.6	13.9	92.3	0.8	147.8
<b>Three Months Ended 31 December 2020</b>						
Sales	\$933.0	\$717.5	\$543.5	\$19.5	\$161.7	\$2,375.2 <sup>(A)</sup>
Operating income (loss)	225.8	214.8	137.5	4.0	(43.0)	539.1
Depreciation and amortization	151.8	107.9	49.3	6.1	8.6	323.7
Equity affiliates' income	22.3	8.8	14.9	21.2	2.1	69.3
<b>Total Assets</b>						
31 December 2021	\$7,381.5	\$7,619.0	\$3,951.7	\$2,482.4	\$5,690.7	\$27,125.3
30 September 2021	7,092.5	7,349.4	3,830.3	800.6	7,786.4	26,859.2

<sup>(A)</sup> Sales relate to external customers only. All intersegment sales are eliminated in consolidation.

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

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<a href="#">Reconciliations of Non-GAAP Financial Measures</a>	36
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The following discussion should be read in conjunction with the interim consolidated financial statements and the accompanying notes contained in this quarterly report. Unless otherwise stated, financial information is presented in millions of dollars, except for per share data. Except for net income, which includes the results of discontinued operations, financial information is presented on a continuing operations basis.

Comparisons of our results of operations and liquidity and capital resources are for the first quarter of fiscal years 2022 and 2021. The disclosures provided in this quarterly report are complementary to those made in our Annual Report on Form 10-K for the fiscal year ended 30 September 2021, which was filed with the SEC on 18 November 2021.

We reorganized our reporting segments effective 1 October 2021. Prior year segment information presented has been updated to conform with the fiscal year 2022 presentation. Refer to Note 17, *Business Segment Information*, to the consolidated financial statements for additional information.

The financial measures discussed below are presented in accordance with U.S. generally accepted accounting principles ("GAAP"), except as noted. We present certain financial measures on an "adjusted" or "non-GAAP" basis because we believe such measures, when viewed together with financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance. For each non-GAAP financial measure, including adjusted diluted earnings per share ("EPS"), adjusted EBITDA, adjusted EBITDA margin, adjusted effective tax rate, and capital expenditures, we present a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP. These reconciliations and explanations regarding the use of non-GAAP measures are presented under "Reconciliations of Non-GAAP Financial Measures" beginning on page [36](#).

For information concerning activity with our related parties, refer to Note 16, *Supplemental Information*, to the consolidated financial statements.

## FIRST QUARTER 2022 VS. FIRST QUARTER 2021

### FIRST QUARTER 2022 IN SUMMARY

- Sales of \$2,994.2 increased 26%, or \$619.0, primarily due to higher energy and natural gas cost pass-through to customers, higher volumes, and positive pricing.
- Operating income of \$523.0 decreased 3%, or \$16.1, as higher costs, primarily driven by significant increases in energy and natural gas prices and related supply chain disruptions, were only partially offset by higher volumes and pricing actions. Operating margin of 17.5% decreased 520 basis points ("bp"), primarily due to higher energy and natural gas cost pass-through to customers.
- Equity affiliates' income of \$147.8 increased 113%, or \$78.5, primarily due to contributions from the Jazan Integrated Gasification and Power Company ("JIGPC") joint venture and events related to completion of the first phase of the gasification and power project in late October 2021.
- Net income of \$549.6 increased 13%, or \$62.9, and net income margin of 18.4% decreased 210 bp.
- Adjusted EBITDA of \$1,003.1 increased 8%, or \$71.0, and adjusted EBITDA margin of 33.5% decreased 570 bp.
- Diluted EPS of \$2.52 increased 19%, or \$0.40 per share. A summary table of changes in diluted EPS is presented below. There were no non-GAAP adjustments to diluted EPS in the first quarter of fiscal years 2022 or 2021.

**Changes in Diluted EPS Attributable to Air Products**

The per share impacts presented in the table below were calculated independently and may not sum to the total change in diluted EPS due to rounding.

	Three Months Ended 31 December		Increase (Decrease)
	2021	2020	
<b>Total Diluted EPS</b>	\$2.52	\$2.17	\$0.35
Less: Diluted EPS from income from discontinued operations	—	0.05	(0.05)
<b>Diluted EPS From Continuing Operations</b>	\$2.52	\$2.12	\$0.40
<b>Operating Impacts</b>			
Underlying business			
Volume			\$0.19
Price, net of variable costs			(0.04)
Other costs			(0.21)
<b>Total Operating Impacts</b>			(\$0.06)
<b>Other Impacts</b>			
Equity affiliates' income			\$0.29
Interest expense			0.02
Other non-operating income (expense), net			0.01
Change in effective tax rate			0.07
Noncontrolling interests			0.07
<b>Total Other Impacts</b>			\$0.46
<b>Total Change in Diluted EPS From Continuing Operations</b>			\$0.40

Our diluted earnings per share was favorably impacted by contributions from the new JIGPC joint venture and related events. Equity affiliates' income includes two months of the ongoing contribution from our 55% interest in JIGPC, of which 4% is attributable to the non-controlling partner of Air Products Qudra. We also began recognizing interest income on shareholder loans associated with the joint venture that is reflected within "Other non-operating (income) expense, net."

Upon completion of the first phase of the gasification and power project, we also recognized a net benefit from the recognition of previously deferred profits, net of other project finalization costs, related to the existing Jazan Gas Project Company joint venture within "Equity affiliates' income." Our non-controlling partner's share of the project finalization costs favorably impacted EPS within "Noncontrolling interests." The total net benefit from this event was approximately \$0.20 per share.

**FIRST QUARTER 2022 RESULTS OF OPERATIONS****Discussion of Consolidated Results**

	Three Months Ended		\$ Change	Change
	2021	2020		
<b>GAAP Measures</b>				
Sales	\$2,994.2	\$2,375.2	\$619.0	26 %
Operating income	523.0	539.1	(16.1)	(3 %)
Operating margin	17.5 %	22.7 %		(520) bp
Equity affiliates' income	\$147.8	\$69.3	\$78.5	113 %
Net income	549.6	486.7	62.9	13 %
Net income margin	18.4 %	20.5 %		(210) bp
<b>Non-GAAP Measures</b>				
Adjusted EBITDA	\$1,003.1	\$932.1	\$71.0	8 %
Adjusted EBITDA margin	33.5 %	39.2 %		(570) bp

**Sales % Change from Prior Year**

Volume	8 %
Price	5 %
Energy and natural gas cost pass-through	14 %
Currency	(1 %)
<b>Total Consolidated Sales Change</b>	<b>26 %</b>

Sales of \$2,994.2 increased 26%, or \$619.0, due to higher energy and natural gas cost pass-through to customers of 14%, higher volumes of 8%, and positive pricing of 5%, partially offset by unfavorable currency impacts of 1%. Energy and natural gas costs were significantly higher versus the prior year, particularly in Europe and North America. Contractual provisions associated with our on-site business, which represents approximately half our total company sales, allow us to pass these costs through to our customers. Volume growth was driven by new assets, higher demand for hydrogen and merchant products, and higher activity in our sale of equipment businesses. Continued focus on pricing actions in our merchant businesses, including those intended to recover the escalating energy costs, resulted in price improvement in our three largest segments, Americas, Asia, and Europe, and in most major product lines. The unfavorable currency impact was primarily driven by weakening of the Euro against the U.S. Dollar.

**Cost of Sales and Gross Margin**

Cost of sales of \$2,223.6 increased 36%, or \$591.2, due to higher energy and natural gas cost pass-through to customers of \$320, higher costs associated with sales volumes of \$149, and unfavorable costs of \$140, partially offset by favorable currency impacts of \$18. The unfavorable cost impact included higher operating and distribution costs driven by energy-related supply chain challenges. Gross margin of 25.7% decreased 560 bp from 31.3% in the prior year, primarily due to higher energy and natural gas cost pass-through to customers and unfavorable costs, partially offset by the positive impact of our pricing actions.

**Selling and Administrative**

Selling and administrative expense of \$232.8 increased 15%, or \$30.1, primarily driven by higher spending for business development resources to support our growth strategy and higher incentive compensation. Selling and administrative expense as a percentage of sales decreased to 7.8% from 8.5% in the prior year.

**Research and Development**

Research and development expense of \$23.3 decreased 1%, or \$0.2. Research and development expense as a percentage of sales decreased to 0.8% from 1.0% in the prior year.

Other Income (Expense), Net

Other income of \$8.5 decreased 62%, or \$14.0, primarily due to the settlement of a supply contract in the prior year.

Operating Income and Operating Margin

Operating income of \$523.0 decreased 3%, or \$16.1. Unfavorable costs of \$58 were primarily attributable to higher operating and distribution costs associated with energy-related supply chain challenges and the prior year settlement of a supply contract. Price, net of power and fuel costs, reduced operating income by \$10 as the escalating power costs were largely offset by our pricing actions. These factors were partially offset by higher volumes of \$51.

Operating margin of 17.5% decreased 520 bp from 22.7% in the prior year, primarily due to higher energy and natural gas cost pass-through to customers, which increases sales but not operating income, and higher operating costs.

Equity Affiliates' Income

Equity affiliates' income of \$147.8 increased 113%, or \$78.5, and included the first two months of results from our new investment in the JIGPC joint venture. Additionally, we recognized the remaining deferred profit associated with air separation units previously sold to Jazan Gas Project Company, net of other project finalization costs. Refer to Note 6, *Equity Affiliates*, to the consolidated financial statements for additional information.

Interest Expense

	Three Months Ended 31 December	
	2021	2020
Interest incurred	\$41.0	\$42.3
Less: Capitalized interest	10.5	5.6
Interest expense	\$30.5	\$36.7

Interest incurred decreased 3%, or \$1.3, primarily driven by a lower debt balance. Capitalized interest increased 88%, or \$4.9, due to a higher carrying value of projects under construction.

Other Non-Operating Income (Expense), Net

Other non-operating income of \$22.6 increased 22.0%, or \$4.0. In fiscal year 2022, we recorded interest income on shareholder loans associated with the new JIGPC joint venture. This impact was partially offset by lower non-service pension income recorded in the current year, primarily due to lower expected return on plan assets for the U.S. salaried pension plan and the U.K. pension plan.

Discontinued Operations

In the first quarter of fiscal year 2021, we recorded a tax benefit of \$10.3 (\$0.05 per share) as a component of discontinued operations. This benefit primarily resulted from the settlement of a state tax appeal related to the gain on the sale of our former Performance Materials Division in fiscal year 2017. The benefit is reflected within "Income from discontinued operations, net of tax" on our consolidated income statement for the three months ended 31 December 2020.

Net Income and Net Income Margin

Net income of \$549.6 increased 13%, or \$62.9, primarily due to higher equity affiliates' income and favorable volumes. These factors were partially offset by higher costs, including energy costs that were only partially recovered by our pricing actions and the prior year settlement of a supply contract. Additionally, the prior year included net income from discontinued operations of \$10.3. Net income margin of 18.4% decreased 210 bp from 20.5% in the prior year, primarily due to higher energy and natural gas cost pass-through to customers, which decreased margin by approximately 200 bp.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA of \$1,003.1 increased 8%, or \$71.0, primarily due to higher equity affiliates' income and favorable volumes. These factors were partially offset by higher costs, including energy costs that were only partially recovered by our pricing actions and the prior year settlement of a supply contract. Adjusted EBITDA margin of 33.5% decreased 570 bp from 39.2% in the prior year, primarily due to higher energy and natural gas cost pass-through to customers, which decreased margin by approximately 450 bp.

**Effective Tax Rate**

The effective tax rate equals the income tax provision divided by income from continuing operations before taxes. Our effective tax rate was 17.1% and 19.3% for the three months ended 31 December 2021 and 2020, respectively. The current year rate was lower primarily due to higher equity affiliates' income, which includes the results from the new JIGPC joint venture as well as recognition of the remaining deferred profit associated with air separation units previously sold to Jazan Gas Project Company, net of other project finalization costs. Refer to Note 6, *Equity Affiliates*, to the consolidated financial statements for additional information. Equity affiliates' income is included net of income taxes within income from continuing operations on our consolidated income statements.

Our first quarter results include higher tax benefits from share-based compensation exercises and vesting. Because many of our share-based compensation grants vest in December, the tax benefits from these awards typically have a larger impact on our first quarter effective tax rate compared to other periods.

**Segment Analysis****Americas**

	Three Months Ended 31 December		\$ Change	% Change
	2021	2020		
Sales	\$1,224.1	\$933.0	\$291.1	31 %
Operating income	267.2	225.8	41.4	18 %
Operating margin	21.8 %	24.2 %		(240) bp
Equity affiliates' income	\$34.2	\$22.3	\$11.9	53 %
Adjusted EBITDA	456.7	399.9	56.8	14 %
Adjusted EBITDA margin	37.3 %	42.9 %		(560) bp

**Sales % Change from Prior Year**

Volume	8 %
Price	3 %
Energy and natural gas cost pass-through	20 %
Currency	— %
<b>Total Americas Sales Change</b>	<b>31 %</b>

Sales of \$1,224.1 increased 31%, or \$291.1, due to higher energy and natural gas cost pass-through to customers of 20%, favorable volumes of 8%, and positive pricing of 3%. Energy and natural gas cost pass through to customers was higher primarily due to natural gas prices. Favorable volumes were driven by higher demand for hydrogen and merchant products. The pricing improvement was attributable to pricing actions in our merchant business, which more than offset power cost increases in the region. Currency was flat versus the prior year.

Operating income of \$267.2 increased 18%, or \$41.4, due to higher volumes of \$27, positive pricing, net of power and fuel costs, of \$9, and favorable operating costs of \$5, primarily driven by lower maintenance activities. We expect maintenance activities to increase in future quarters. Operating margin of 21.8% decreased 240 bp from 24.2% in the prior year primarily due to higher energy and natural gas cost pass-through to our on-site customers, which negatively impacted margin by approximately 350 basis points, partially offset by a favorable impact from volumes of approximately 100 bp.

Equity affiliates' income of \$34.2 increased 53%, or \$11.9, primarily driven by higher income from affiliates in Mexico.

## Asia

	Three Months Ended 31 December		\$ Change	% Change
	2021	2020		
Sales	\$780.4	\$717.5	\$62.9	9 %
Operating income	221.1	214.8	6.3	3 %
Operating margin	28.3 %	29.9 %		(160) bp
Equity affiliates' income	\$6.6	\$8.8	(\$2.2)	(25 %)
Adjusted EBITDA	338.5	331.5	7.0	2 %
Adjusted EBITDA margin	43.4 %	46.2 %		(280) bp

### Sales % Change from Prior Year

Volume	4 %
Price	3 %
Energy and natural gas cost pass-through	— %
Currency	2 %
<b>Total Asia Sales Change</b>	<b>9 %</b>

Sales of \$780.4 increased 9%, or \$62.9, due to higher volumes of 4%, positive pricing of 3%, and favorable currency of 2%. Higher volumes were primarily attributable to new on-site plants across the region. The favorable currency impact was primarily attributable to the appreciation of the Chinese Renminbi against the U.S. Dollar. Energy and natural gas cost pass-through to customers was flat versus the prior year.

Operating income of \$221.1 increased 3%, or \$6.3, due to higher volumes of \$20, positive pricing, net of power and fuel costs, of \$4, and favorable currency of \$3, partially offset by higher operating costs of \$21, including inflation and higher supply chain costs. Operating margin of 28.3% decreased 160 bp from 29.9% in the prior year, primarily due to the higher operating costs, partially offset by favorable volumes.

Equity affiliates' income of \$6.6 decreased 25%, or \$2.2, primarily due to lower income from affiliates in Thailand.

## Europe

	Three Months Ended 31 December		\$ Change	% Change
	2021	2020		
Sales	\$744.2	\$543.5	\$200.7	37 %
Operating income	99.2	137.5	(38.3)	(28 %)
Operating margin	13.3 %	25.3 %		(1,200) bp
Equity affiliates' income	\$13.9	\$14.9	(\$1.0)	(7 %)
Adjusted EBITDA	162.9	201.7	(38.8)	(19 %)
Adjusted EBITDA margin	21.9 %	37.1 %		(1,520) bp

### Sales % Change from Prior Year

Volume	5 %
Price	9 %
Energy and natural gas cost pass-through	27 %
Currency	(4 %)
<b>Total Europe Sales Change</b>	<b>37 %</b>

Sales of \$744.2 increased 37%, or \$200.7, due to higher energy and natural gas cost pass-through to customers of 27%, higher pricing of 9%, and higher volumes of 5%, partially offset by unfavorable currency impacts of 4%. Energy and natural gas cost pass-through to customers was significantly higher due to continued energy cost escalation throughout the quarter, which we are contractually able to pass through to our on-site customers. We improved pricing across all major merchant product lines, including ongoing actions to recover the higher energy costs. Volumes improved primarily due to higher demand for hydrogen and merchant products. The unfavorable currency impacts were primarily driven by the weakening of the Euro against the U.S. Dollar.

Operating income of \$99.2 decreased 28%, or \$38.3, primarily due to higher power and fuel costs that exceeded our pricing actions by \$19 and unfavorable operating costs of \$16, including energy-related supply chain challenges that increased costs for plant operations and distribution. Operating margin of 13.3% decreased 1,200 bp from 25.3% in the prior year. Higher energy and natural gas cost pass-through to our on-site customers negatively impacted margin by approximately 500 bp. Higher power costs that were not fully offset by pricing actions in our merchant business negatively impacted margin by approximately 400 bp.

Equity affiliates' income of \$13.9 decreased 7%, or \$1.0, primarily due to lower income from an affiliate in Italy.

#### Middle East and India

	Three Months Ended 31 December		\$ Change	% Change
	2021	2020		
Sales	\$23.7	\$19.5	\$4.2	22 %
Operating income	4.8	4.0	0.8	20 %
Equity affiliates' income	92.3	21.2	71.1	335 %
Adjusted EBITDA	103.2	31.3	71.9	230 %

Sales of \$23.7 increased 22%, or \$4.2, and operating income of \$4.8 increased 20%, or \$0.8, primarily due to a new plant in India. Equity affiliates' income of \$92.3 increased \$71.1, primarily due to income associated with the new JIGPC joint venture as well as recognition of the remaining deferred profit associated with air separation units previously sold to Jazan Gas Project Company, net of other project finalization costs.

#### Corporate and other

The Corporate and other segment includes sales of cryogenic and gas processing equipment for air separation as well as our liquefied natural gas ("LNG"), turbo machinery equipment and services, and distribution sale of equipment businesses. The results of this segment also include centralized global management costs and corporate support functions that benefit all segments as well as income and expense not directly associated with the other segments, such as foreign exchange gains and losses.

	Three Months Ended 31 December		\$ Change	% Change
	2021	2020		
Sales	\$221.8	\$161.7	\$60.1	37 %
Operating loss	(69.3)	(43.0)	(26.3)	(61 %)
Adjusted EBITDA	(58.2)	(32.3)	(25.9)	(80 %)

Sales of \$221.8 increased 37%, or \$60.1, primarily due to higher sale of equipment project activity. Despite higher sales, operating loss of \$69.3 increased 61%, or \$26.3, as higher corporate support costs and the prior year benefit from the settlement of a supply contract were only partially offset by the higher sale of equipment activity.

## RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES

(Millions of dollars unless otherwise indicated, except for per share data)

We present certain financial measures, other than in accordance with U.S. generally accepted accounting principles ("GAAP"), on an "adjusted" or "non-GAAP" basis. On a consolidated basis, these measures include adjusted diluted earnings per share ("EPS"), adjusted EBITDA, adjusted EBITDA margin, adjusted effective tax rate, and capital expenditures. On a segment basis, these measures include adjusted EBITDA and adjusted EBITDA margin. In addition to these measures, we also present certain supplemental non-GAAP financial measures to help the reader understand the impact that certain disclosed items, or "non-GAAP adjustments," have on the calculation of our adjusted diluted EPS. For each non-GAAP financial measure, we present a reconciliation to the most directly comparable financial measure calculated in accordance with GAAP.

Our non-GAAP financial measures are not meant to be considered in isolation or as a substitute for the most directly comparable measure calculated in accordance with GAAP. We believe these non-GAAP financial measures provide investors, potential investors, securities analysts, and others with useful information to evaluate the performance of our business because such measures, when viewed together with financial results computed in accordance with GAAP, provide a more complete understanding of the factors and trends affecting our historical financial performance and projected future results.

In many cases, non-GAAP financial measures are determined by adjusting the most directly comparable GAAP measure to exclude non-GAAP adjustments that we believe are not representative of our underlying business performance. For example, we previously excluded certain expenses associated with cost reduction actions, impairment charges, and gains on disclosed transactions. The reader should be aware that we may recognize similar losses or gains in the future. Readers should also consider the limitations associated with these non-GAAP financial measures, including the potential lack of comparability of these measures from one company to another.

When applicable, the tax impact of our pre-tax non-GAAP adjustments reflects the expected current and deferred income tax impact of our non-GAAP adjustments. These tax impacts are primarily driven by the statutory tax rate of the various relevant jurisdictions and the taxability of the adjustments in those jurisdictions.

### ADJUSTED DILUTED EPS

There were no non-GAAP adjustments in the first quarter of fiscal years 2022 or 2021 that impacted diluted EPS.

When applicable, the table below provides a reconciliation to the most directly comparable GAAP measure for each of the major components used to calculate adjusted diluted EPS from continuing operations, which we view as a key performance metric. In periods that we have non-GAAP adjustments, we believe it is important for the reader to understand the per share impact of each such adjustment because management does not consider these impacts when evaluating underlying business performance.

	Three Months Ended 31 December				
	Operating Income	Equity Affiliates' Income	Income Tax Provision	Net Income Attributable to Air Products	Diluted EPS
<b>Q1 2022 vs. Q1 2021</b>					
2022 GAAP	\$523.0	\$147.8	\$113.3	\$560.4	\$2.52
<i>No non-GAAP adjustments</i>	—	—	—	—	—
2022 Non-GAAP ("Adjusted")	\$523.0	\$147.8	\$113.3	\$560.4	\$2.52
2021 GAAP	\$539.1	\$69.3	\$113.9	\$471.7	\$2.12
<i>No non-GAAP adjustments</i>	—	—	—	—	—
2021 Non-GAAP ("Adjusted")	\$539.1	\$69.3	\$113.9	\$471.7	\$2.12
Change GAAP and Non-GAAP ("Adjusted")					\$0.40
% Change GAAP and Non-GAAP ("Adjusted")					19 %



The tables below present sales and a reconciliation of operating income and operating margin by segment to adjusted EBITDA and adjusted EBITDA margin by segment for the three months ended 31 December 2021 and 2020:

Sales	Americas	Asia	Europe	Middle East and India	Corporate and other	Total
Q1 2022	\$1,224.1	\$780.4	\$744.2	\$23.7	\$221.8	\$2,994.2
Q1 2021	933.0	717.5	543.5	19.5	161.7	2,375.2

	Americas	Asia	Europe	Middle East and India	Corporate and other	Total
<b>Q1 2022 GAAP</b>						
Operating income (loss)	\$267.2	\$221.1	\$99.2	\$4.8	(\$69.3)	\$523.0
Operating margin	21.8 %	28.3 %	13.3 %			
<b>Q1 2021 GAAP</b>						
Operating income (loss)	\$225.8	\$214.8	\$137.5	\$4.0	(\$43.0)	\$539.1
Operating margin	24.2 %	29.9 %	25.3 %			
<b>Q1 2022 vs. Q1 2021 Change GAAP</b>						
Operating income/loss \$ change	\$41.4	\$6.3	(\$38.3)	\$0.8	(\$26.3)	
Operating income/loss % change	18 %	3 %	(28 %)	20 %	(61 %)	
Operating margin change	(240) bp	(160) bp	(1,200) bp			

<b>Q1 2022 Non-GAAP</b>						
Operating income (loss)	\$267.2	\$221.1	\$99.2	\$4.8	(\$69.3)	\$523.0
Add: Depreciation and amortization	155.3	110.8	49.8	6.1	10.3	332.3
Add: Equity affiliates' income	34.2	6.6	13.9	92.3	0.8	147.8
Adjusted EBITDA	\$456.7	\$338.5	\$162.9	\$103.2	(\$58.2)	\$1,003.1
Adjusted EBITDA margin	37.3 %	43.4 %	21.9 %			
<b>Q1 2021 Non-GAAP</b>						
Operating income (loss)	\$225.8	\$214.8	\$137.5	\$4.0	(\$43.0)	\$539.1
Add: Depreciation and amortization	151.8	107.9	49.3	6.1	8.6	323.7
Add: Equity affiliates' income	22.3	8.8	14.9	21.2	2.1	69.3
Adjusted EBITDA	\$399.9	\$331.5	\$201.7	\$31.3	(\$32.3)	\$932.1
Adjusted EBITDA margin	42.9 %	46.2 %	37.1 %			
<b>Q1 2022 vs. Q1 2021 Change Non-GAAP</b>						
Adjusted EBITDA \$ change	\$56.8	\$7.0	(\$38.8)	\$71.9	(\$25.9)	
Adjusted EBITDA % change	14 %	2 %	(19 %)	230 %	(80 %)	
Adjusted EBITDA margin change	(560) bp	(280) bp	(1,520) bp			

**ADJUSTED EFFECTIVE TAX RATE**

The effective tax rate equals the income tax provision divided by income from continuing operations before taxes. There were no non-GAAP adjustments in the first quarter of fiscal years 2022 or 2021 that impacted our effective tax rate.

	Three Months Ended 31 December	
	2021	2020
Income tax provision	\$113.3	\$113.9
<i>No impact from non-GAAP adjustments</i>	—	—
Adjusted income tax provision	\$113.3	\$113.9
Income from continuing operations before taxes	\$662.9	\$590.3
<i>No impact from non-GAAP adjustments</i>	—	—
Adjusted income from continuing operations before taxes	\$662.9	\$590.3
Effective and adjusted effective tax rate	17.1 %	19.3 %

**CAPITAL EXPENDITURES**

We define capital expenditures as cash flows for additions to plant and equipment, including long-term deposits, acquisitions (less cash acquired), and investment in and advances to unconsolidated affiliates. A reconciliation of cash used for investing activities to our reported capital expenditures is provided below:

	Three Months Ended 31 December	
	2021	2020
Cash used for (provided by) investing activities	\$1,719.1	(\$18.2)
Proceeds from sale of assets and investments	1.1	2.6
Purchases of investments	(727.4)	(158.5)
Proceeds from investments	1,331.9	855.0
Other investing activities	6.4	3.3
Capital expenditures	\$2,331.1	\$684.2

## LIQUIDITY AND CAPITAL RESOURCES

Our cash balance and cash flows from operations are our primary sources of liquidity and are generally sufficient to meet our liquidity needs. In addition, we have the flexibility to access capital through a variety of financing activities, including accessing the capital markets, drawing upon our credit facility, or alternatively, accessing the commercial paper markets. At this time, we have not utilized, nor do we expect to access, our credit facility for additional liquidity.

As of 31 December 2021, we had \$1,656.1 of foreign cash and cash items compared to total cash and cash items of \$2,953.7. We do not expect that a significant portion of the earnings of our foreign subsidiaries and affiliates will be subject to U.S. income tax upon repatriation to the U.S. Depending on the country in which the subsidiaries and affiliates reside, the repatriation of these earnings may be subject to foreign withholding and other taxes. However, since we have significant current investment plans outside the U.S., it is our intent to permanently reinvest the majority of our foreign cash and cash items that would be subject to additional taxes outside the U.S.

### Cash Flows From Operations

Three Months Ended 31 December	2021	2020
Income from continuing operations attributable to Air Products	\$560.4	\$471.7
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation and amortization	332.3	323.7
Deferred income taxes	15.7	47.6
Undistributed earnings of equity method investments	(117.3)	(10.8)
Gain on sale of assets and investments	(0.8)	(1.1)
Share-based compensation	15.8	9.8
Noncurrent lease receivables	21.8	21.9
Other adjustments	(49.4)	19.3
Changes in working capital accounts	6.7	(107.4)
<b>Cash Provided by Operating Activities</b>	<b>\$785.2</b>	<b>\$774.7</b>

For the first three months of fiscal year 2022, cash provided by operating activities was \$785.2. The working capital accounts were a source of cash of \$6.7, primarily driven by a source of cash of \$167.6 from payables and accrued liabilities, partially offset by a use of cash of \$132.7 from trade receivables, less allowances. The source of cash within payables and accrued liabilities primarily resulted from customer advances for sale of equipment projects and higher natural gas costs, which also drove the use of cash within trade receivables as we contractually passed through these higher costs to customers.

For the first three months of fiscal year 2021, cash provided by operating activities was \$774.7. The working capital accounts were a use of cash of \$107.4, primarily driven by \$47.5 from other working capital and \$44.1 from trade receivables, less allowances. The use within other working capital was primarily due to contract fulfillment costs related to sale of equipment projects. The use of cash within trade receivables, less allowances primarily resulted from increased sale of equipment activity.

## Cash Flows From Investing Activities

Three Months Ended 31 December	2021	2020
Additions to plant and equipment, including long-term deposits	(\$663.8)	(\$664.2)
Acquisitions, less cash acquired	(34.6)	—
Investment in and advances to unconsolidated affiliates	(1,632.7)	(20.0)
Proceeds from sale of assets and investments	1.1	2.6
Purchases of investments	(727.4)	(158.5)
Proceeds from investments	1,331.9	855.0
Other investing activities	6.4	3.3
<b>Cash (Used for) Provided by Investing Activities</b>	<b>(\$1,719.1)</b>	<b>\$18.2</b>

For the first three months of fiscal year 2022, cash used for investing activities was \$1,719.1. Capital expenditures primarily included \$1,632.7 for investment in and advances to unconsolidated affiliates. Refer to the *Capital Expenditures* section below for further detail. Proceeds from investments of \$1,331.9 resulted from maturities of time deposits and treasury securities with terms greater than three months but less than one year and exceeded purchases of investments of \$727.4.

For the first three months of fiscal year 2021, cash provided by investing activities was \$18.2. Capital expenditures for plant and equipment were \$664.2. Proceeds from investments of \$855.0 resulted from maturities of time deposits and treasury securities with terms greater than three months and less than one year and exceeded purchases of investments of \$158.5.

### Capital Expenditures

Capital expenditures is a non-GAAP financial measure that we define as cash flows for additions to plant and equipment, including long-term deposits, acquisitions (less cash acquired), and investment in and advances to unconsolidated affiliates. The components of our capital expenditures are detailed in the table below. We present a reconciliation of our capital expenditures to cash used for investing activities on page 39.

	Three Months Ended 31 December	
	2021	2020
Additions to plant and equipment, including long-term deposits	\$663.8	\$664.2
Acquisitions, less cash acquired	34.6	—
Investment in and advances to unconsolidated affiliates <sup>(A)</sup>	1,632.7	20.0
<b>Capital Expenditures</b>	<b>\$2,331.1</b>	<b>\$684.2</b>

<sup>(A)</sup> Includes contributions from noncontrolling partners in consolidated subsidiaries as discussed below.

Capital expenditures for the first three months of fiscal year 2022 totaled \$2,331.1 compared to \$684.2 for the first three months of fiscal year 2021. The increase of \$1,646.9 was primarily driven by our initial investment of \$1.6 billion in the new JIGPC joint venture, which included approximately \$130 from a non-controlling partner in one of our subsidiaries. We expect to make an additional investment of approximately \$1 billion, which also includes contribution from our non-controlling partner, for the second phase of the project in 2023. Refer to Note 6, *Equity Affiliates*, to the consolidated financial statements for additional information.

### Outlook for Investing Activities

We expect capital expenditures for fiscal year 2022 to be approximately \$4.5 to \$5 billion.

It is not possible, without unreasonable efforts, to reconcile our forecasted capital expenditures to future cash used for investing activities because we are unable to identify the timing or occurrence of our future investment activity, which is driven by our assessment of competing opportunities at the time we enter into transactions. These decisions, either individually or in the aggregate, could have a significant effect on our cash used for investing activities.

**Cash Flows From Financing Activities**

Three Months Ended 31 December	2022	2021
Long-term debt proceeds	\$51.6	\$—
Payments on long-term debt	(400.0)	(1.1)
Net increase in commercial paper and short-term borrowings	113.1	4.5
Dividends paid to shareholders	(332.1)	(296.2)
Proceeds from stock option exercises	13.3	1.6
Other financing activities	(31.0)	(15.9)
<b>Cash Used for Financing Activities</b>	<b>(\$585.1)</b>	<b>(\$307.1)</b>

For the first three months of fiscal year 2022, cash used for financing activities was \$585.1. The use of cash was primarily driven by payments on long-term debt of \$400.0 for the repayment of a 3.0% Senior Note and dividend payments to shareholders of \$332.1. These uses of cash were partially offset by short-term borrowings and long-term debt proceeds of \$113.1 and \$51.6, respectively.

For the first three months of fiscal year 2021, cash used for financing activities was \$307.1 and primarily included dividend payments to shareholders of \$296.2.

Financing and Capital Structure*Debt*

Capital needs in the first three months of fiscal year 2022 were satisfied with our cash balance and cash from operations. Total debt decreased from \$7,637.2 as of 30 September 2021 to \$7,378.0 as of 31 December 2021, primarily due to repayment of the 3.0% Senior Note, partially offset by proceeds from short-term notes and long-term borrowings on our foreign commitments. Total debt includes related party debt of \$370.1 and \$358.4 as of 31 December 2021 and 30 September 2021, respectively, primarily associated with the Lu'An joint venture.

Various debt agreements to which we are a party include financial covenants and other restrictions, including restrictions pertaining to the ability to create property liens and enter into certain sale and leaseback transactions. As of 31 December 2021, we are in compliance with all of the financial and other covenants under our debt agreements.

*Credit Facilities*

On 31 March 2021, we entered into a five-year \$2,500 revolving credit agreement with a syndicate of banks (the "2021 Credit Agreement"), under which senior unsecured debt is available to us and certain of our subsidiaries. The 2021 Credit Agreement provides a source of liquidity and supports our commercial paper program. The only financial covenant in the 2021 Credit Agreement is a maximum ratio of total debt to total capitalization (equal to total debt plus total equity) not to exceed 70%. Total debt as of 31 December 2021 and 30 September 2021, expressed as a percentage of total capitalization, was 33.9% and 35.2%, respectively. No borrowings were outstanding under the 2021 Credit Agreement as of 31 December 2021.

We have credit facilities available to certain of our foreign subsidiaries totaling \$297.8, of which \$222.1 was borrowed and outstanding as of 31 December 2021. The amount borrowed and outstanding as of 30 September 2021 was \$176.2.

*Equity Securities*

On 15 September 2011, the Board of Directors authorized the repurchase of up to \$1,000 of our outstanding common stock. We did not purchase any of our outstanding shares for the first three months of fiscal years 2022 or 2021. As of 31 December 2021, \$485.3 in share repurchase authorization remained.

## Dividends

Cash dividends on our common stock are paid quarterly, usually during the sixth week after the close of the fiscal quarter. We expect to continue to pay cash dividends in the future at comparable or increased levels.

The Board of Directors determines whether to declare dividends and the timing and amount based on financial condition and other factors it deems relevant. On 3 February 2022, the Board of Directors declared a quarterly dividend of \$1.62 per share, representing an 8% increase, or \$0.12 per share, from the previous dividend of \$1.50 per share. This is the 40<sup>th</sup> consecutive year we have increased our quarterly dividend. The dividend is payable on 9 May 2022 to shareholders of record at the close of business on 1 April 2022.

## **PENSION BENEFITS**

For the three months ended 31 December 2021 and 2020, net periodic pension benefit was \$1.0 and \$9.5, respectively. These periods included service-related costs of \$11.0 and \$11.4, respectively, which are reflected on our consolidated income statements within "Operating income." The amount of service costs capitalized in the first three months of fiscal years 2022 and 2021 were not material. Non-service related benefits were \$12.0 and \$20.9 for the three months ended 31 December 2021 and 2020, respectively. The decrease in fiscal year 2022 primarily resulted from lower expected return on assets due to the increased percentage of fixed income investments within the plan asset portfolios and higher interest cost, partially offset by lower actuarial loss amortization. Non-service related benefits are reflected within "Other non-operating income (expense), net" on our consolidated income statements.

For the three months ended 31 December 2021, we recognized pension settlement losses of \$0.9 to accelerate recognition of a portion of actuarial losses deferred in accumulated other comprehensive loss associated with the U.S. supplementary pension plan. These losses are included within "Other non-operating income (expense), net" on our consolidated income statements. We expect total pension settlement losses of approximately \$5 to \$10 in fiscal year 2022.

Management considers various factors when making pension funding decisions, including tax, cash flow, and regulatory implications. For the three months ended 31 December 2021 and 2020, our cash contributions to funded pension plans and benefit payments for unfunded pension plans were \$9.1 and \$21.2, respectively. Total contributions for fiscal year 2022 are expected to be approximately \$40 to \$50. During fiscal year 2021, total contributions were \$44.6.

For additional information, refer to Note 10, *Retirement Benefits*, to the consolidated financial statements.

## **CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

Management's Discussion and Analysis of our financial condition and results of operations is based on the consolidated financial statements and accompanying notes that have been prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates reflect our best judgment about current and/or future economic and market conditions and their effect based on information available as of the date of our consolidated financial statements. If conditions change, actual results may differ materially from these estimates.

Judgments and estimates of uncertainties are required in applying our accounting policies in many areas. However, application of policies that management has identified as critical places significant importance on management's judgment, often as the result of the need to make estimates about the effects of matters that are inherently uncertain. A description of our major accounting policies, including those that we consider to be the most critical to understanding our financial statements, is included in our 2021 Form 10-K.

There have been no changes to our accounting policies or estimates during the first three months of fiscal year 2022 that had a significant impact on our financial condition, change in financial condition, liquidity, or results of operations.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Information on our utilization of financial instruments and an analysis of the sensitivity of these instruments to selected changes in market rates and prices is included in our 2021 Form 10-K.

Our net financial instrument position decreased from a liability of \$7,850.3 at 30 September 2021 to a liability of \$7,463.8 at 31 December 2021. The decrease was primarily due to the repayment of a \$400.0 million U.S. Dollar-denominated note on its maturity date in November 2021.

#### **Interest Rate Risk**

The sensitivity analysis related to the interest rate risk on the fixed portion of our debt portfolio assumes an instantaneous 100 bp move in interest rates from the level at 31 December 2021, with all other variables held constant. A 100 bp increase in market interest rates would result in a decrease of \$569 and \$587 in the net liability position of financial instruments at 31 December 2021 and 30 September 2021, respectively. A 100 bp decrease in market interest rates would result in an increase of \$673 and \$692 in the net liability position of financial instruments at 31 December 2021 and 30 September 2021.

There were no material changes to the sensitivity analysis related to the variable portion of our debt portfolio since 30 September 2021.

There were no material changes to the sensitivity analysis related to the foreign currency exchange rate risk on our financial instruments portfolio since 30 September 2021.

### **Item 4. Controls and Procedures**

#### *Disclosure Controls and Procedures*

We maintain a comprehensive set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Under the supervision of the Chief Executive Officer and Chief Financial Officer, our management conducted an evaluation of the effectiveness of our disclosure controls and procedures as of 31 December 2021. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of 31 December 2021, our disclosure controls and procedures were effective.

#### *Internal Control Over Financial Reporting*

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended 31 December 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II—OTHER INFORMATION****Item 6. Exhibits.**

(a) Exhibits required by Item 601 of Regulation S-K

Exhibit No.	Description
(10)	Material Contracts
10.1	<a href="#">Form of Restricted Stock Unit Award Agreement under the Long-Term Incentive Plan of the Company, used for FY2022 Awards.</a> †
10.2	<a href="#">Form of Performance Share Award Agreement under the Long-Term Incentive Plan of the Company, used for FY2022 Awards.</a> †
10.3	<a href="#">Air Products and Chemicals, Inc. Retirement Savings Plan as amended and restated effective 1 January 2022.</a> †
(31)	Rule 13a-14(a)/15d-14(a) Certifications
31.1	<a href="#">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.</a>
31.2	<a href="#">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.</a>
(32)	Section 1350 Certifications
32.1	<a href="#">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.</a> ††
(101)	Interactive Data Files
101.INS	Inline XBRL Instance Document. The XBRL Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document.
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.
104	Cover Page Interactive Data File, formatted in Inline XBRL (included in Exhibit 101).

† Indicates management contract or compensatory arrangement.

†† The certification attached as Exhibit 32 that accompanies this Quarterly Report on Form 10-Q 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-Q, irrespective of any general incorporation language contained in such filing.

**SIGNATURE**

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

Air Products and Chemicals, Inc.

\_\_\_\_\_  
(Registrant)

By:

\_\_\_\_\_  
/s/ Melissa N. Schaeffer

\_\_\_\_\_  
Melissa N. Schaeffer  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: 4 February 2022

**Air Products and Chemicals, Inc. (the "Company")**  
**Restricted Stock Unit Award Agreement**

Company Confidential Communication to: «Participant Name»

You have been granted a Restricted Stock Unit award under the Air Products and Chemicals, Inc. 2021 Long-Term Incentive Plan (the "Plan").

Your FY2022 award consists of «Shares Granted» 4-Year Restricted Stock Units, each Unit being equivalent in value to one share of Common Stock.

Your FY2022 Restricted Stock Unit Award is subject to and contingent upon your agreement to the conditions described in Exhibit A and the terms described in Exhibit B (collectively, the "Conditions"). Please read the Conditions carefully, particularly the descriptions of the "Restrictive Covenants." This letter, together with its Exhibits, constitutes the agreement governing your FY2022 Restricted Stock Unit Award ("Award Agreement"). Your FY2022 Restricted Stock Unit Award is also at all times subject to the applicable provisions of the Plan and to any determinations made by the Administrator or its delegate, with respect to your FY2022 Restricted Stock Unit Award as contemplated or permitted by the Plan or the Conditions. By accepting this award, you will be deemed to have accepted and agreed to the terms and conditions of the Award Agreement and the Plan.

None of your FY2022 Restricted Stock Unit Award, this Award Agreement or the Plan constitute a contract of employment; nor do they guarantee your continued employment for any period required for all or any of your FY2022 Restricted Stock Unit Award to vest, become exercisable, be earned or be paid out. Except as otherwise indicated all capitalized words used in this Award Agreement have the meanings described in the Plan.

WITNESSETH the due execution of this Award Agreement by the Company effective as of the 1st day of December 2021 and your acceptance of the Award Agreement intending to be legally bound hereby.

AIR PRODUCTS AND CHEMICALS, INC.

By:



Seifi Ghasemi

## EXHIBIT A

### FY2022 AWARDS UNDER THE PLAN ARE SUBJECT TO THE FOLLOWING CONDITIONS:

In the event the Company determines, in its sole discretion, that you have violated the restrictive covenants set forth in Paragraph 1 (the “Restrictive Covenants”), at any time during your employment, or within two years after termination of your employment from the Company, the Company shall be entitled to (i) preliminary and permanent injunctive relief, without the necessity of providing actual damages or posting of a bond, (ii) damages equal to an equitable accounting of all earnings, profits and other benefits arising from such violation of Paragraph 1, (iii) cancel, not deliver, modify, rescind, suspend, withhold, or otherwise limit or restrict any unexpired, unpaid, unexercised or deferred Awards outstanding under the Plan, and (iv) recoup the proceeds from any exercise, payment or delivery of an Award or any shares of Common Stock issued pursuant to an Award. In the event that the Company determines that you are subject to recoupment under these Restrictive Covenants, you shall repay the Company the amount determined by the Company, in such manner and on such terms as may be required by the Company, and the Company shall be entitled to set off against the amount due under this provision any amount owed to you by the Company (including by causing the cancellation of any outstanding incentive Award due to you).

#### 1. Restrictive Covenants.

- (a) Definitions. For purposes of this Paragraph 1, the following words shall have the following definitions.
- (i) “Affiliate” of a specified Person shall mean any Person which is under common control with the specified Person, or of which the specified Person is an executive officer, manager, trustee, executor or similar controlling Person.
  - (ii) “Company” shall include Air Products and Chemicals, Inc. and the subsidiaries and Affiliates of Air Products and Chemicals, Inc.
  - (iii) “Business of the Company” means the production, manufacturing and distribution of industrial gases, including atmospheric and process gases; the designing and manufacturing of equipment for the production, processing, purification distribution or storage of gases or for natural gas liquefaction; and any other line of business conducted, developed or being developed by the Company during your employment with the Company, in each case, in which you are or were involved during the course of your employment with the Company or about which you possess Confidential Information.
  - (iv) “Confidential Information” means any non-public, proprietary confidential or trade secret information of the Company and/or its customers, including but not limited to, business processes, know-how, practices, methods, plans, research, operations, services, strategies, techniques, formulae, manuals, data, notes, diagrams, customer or vendor information, pricing or cost information, product plans, designs, experimental processes and inventions.

- (v) “Person” means any natural person, corporation, general partnership, limited partnership, limited liability company or partnership, joint venture, proprietorship or other business organization.
- (vi) “Provide Services” means to directly or indirectly, own, manage, control, or participate in the ownership, management or control of, or be employed or engaged by, participate in, serve on the board of directors of, consult with, contribute to, hold a security interest in, render services for, give advice to, provide assistance to or be otherwise affiliated or associated with.
- (vii) “Restricted Area” means any country in which you worked during your employment with the Company, over which you had supervisory responsibility for the Business of the Company while employed by the Company, or with respect to which you have Confidential Information pertaining to the Business of the Company.

(b) Acknowledgment.

- (i) You hereby expressly acknowledge and agree that the obligations in this Award Agreement are in addition to, and shall not supersede, the obligations you may have pursuant to other agreements with the Company, including, without limitation, your obligations under your Employee Patent and Confidential Information Agreement that you entered into when you were employed by the Company, which shall continue to apply in accordance with its terms.
- (ii) You acknowledge and agree that (A) the Business of the Company is intensely competitive and that your employment with the Company has required you to have access to, and knowledge of, Confidential Information, which is of vital importance to the success of the Business of the Company; (B) the use, disclosure or dissemination of any Confidential Information, except on behalf of the Company, could place the Company at a serious competitive disadvantage and could do serious damage, financial and otherwise, to the Business of the Company; and (C) the Company is engaged in business, and has customers, throughout the world.
- (iii) You further understand and acknowledge that the Company invests in customer relationships and as a result, has developed and will develop considerable goodwill with and among its customers. You agree that the Restrictive Covenants articulated herein are necessary to protect the Company’s legitimate business interests in its Confidential Information and goodwill, and that the Company would not have provided the good and valuable consideration set forth in this Award Agreement in absence of such restrictions. You further understand and acknowledge that the Company will be irreparably harmed if you violate the Restrictive Covenants articulated herein.

- (c) Confidential Information. You agree that you have and will at all times hereafter, (A) treat all Confidential Information as strictly confidential; and (B) not directly or indirectly disclose, publish, communicate or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any Person who is not authorized by the Company

to know such Confidential Information in the furtherance of the Company's business.

- (d) Non-Disparagement. During your employment by the Company and for two years after your employment with the Company terminates for any reason, you agree not to directly or indirectly make, or cause to be made, any statement, observation or opinion that disparages or impugns the business or reputation of the Company, its products, services, agents or employees. You understand that this Section 1(d) does not, in any way, restrict or impede me from (i) exercising my rights under Section 7 of the National Labor Relations Act (or any other protected rights) to the extent that such rights cannot be waived by agreement.
- (e) Permitted Disclosures. Pursuant to 18 U.S.C. § 1833(b), you understand that you will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to your attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. You understand that if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding if you (I) file any document containing the trade secret under seal, and (II) do not disclose the trade secret, except pursuant to court order. Nothing in this Award Agreement, or any other agreement you have with the Company, is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in this Award Agreement or any other agreement you have with the Company shall prohibit or restrict you from making any disclosure of information or documents to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to the Company.
- (f) Return of Company Property. You represent that upon request from the Company at any time and, without request, upon termination of your employment with the Company for any reason, you will deliver to the Company all memoranda, notes, records, manuals, or other documents, including all electronic or other copies of such materials and all documentation prepared or produced in connection therewith, containing Confidential Information, which is in your possession, custody and control, whether made or compiled by you or furnished to you by virtue of your employment with the Company. You further represent that you will deliver to the Company all vehicles, computers, credit cards, telephones, handheld electronic devices, office equipment and other property furnished to you by virtue of your employment with the Company.
- (g) Notice. You agree that during your employment with the Company and for two years after your employment with the Company terminates for any reason (the "Restricted Period"), you will give the Company ten (10) business days' written notice of your intention to Provide Services to any other Person that engages in or is preparing to engage in the Business of the Company within the Restricted Area. Such written notice must provide sufficiently detailed information so as to allow the Company to determine if you will be in breach of this Award Agreement if you Provide Services to such other Person.

- (h) Non-Competition. During your employment by the Company and, unless you are an Excluded Service Provider, during the Restricted Period, you agree that you will not Provide Services to any Person, other than the Company, that engages in or is preparing to engage in the Business of the Company within the Restricted Area, unless (i) such other Person also engages in lines of business that are separate, distinct and divisible from the Business of the Company, (ii) you do not Provide Services, Confidential Information or strategy to the Business of the Company conducted by such other Person, and (iii) you do not attend meetings where the Business of the Company conducted by such other Person is discussed or where you could, even inadvertently, disclose Confidential Information. Your passive ownership of not more than one percent (1%) of the capital stock or other ownership or equity interest, or voting power, in a public company, registered under the Securities Exchange Act of 1934, as amended, shall not be deemed to be a violation of this paragraph. For the avoidance of doubt, if you are an Excluded Service Provider, as described in Section 1(l) below (Grantees in California and Certain Other Jurisdictions), this Section 1(h) applies to you while you are providing services to the Company and does not apply to you during the Restricted Period.
- (i) Non-Solicitation; Non-Interference. During your employment by the Company and, unless you are an Excluded Service Provider, during the Restricted Period, you also agree that you will not, directly or indirectly without the prior written consent of the Company:
- (i) encourage, persuade, induce, or attempt to encourage or persuade or induce, any person who is an employee at the grade level of 118 or above, an officer, or a director of the Company, in each case, to terminate such relationship with the Company; or hire or engage, participate in the hiring or engagement of, or solicit or make an offer of employment or engagement to any employee at the grade level of 118 or above, officer or director of the Company who was employed or engaged by the Company as of your last day of employment with the Company.
  - (ii) on behalf of any Person engaged in the Business of the Company (other than the Company) solicit, contact, or attempt to solicit or contact any current, former or prospective customer of the Company whom you had contacted within the twenty-four (24) months prior to your last day of employment with the Company or about whom you have any Confidential Information.
  - (iii) encourage or persuade, or attempt to encourage or persuade any (A) customer of the Company, (B) potential customer of the Company during the last twenty-four (24) months of your employment with the Company with which or with whom you knew to be such a potential customer, or (C) prior customer of the Company, in each case, not to do business with the Company or to reduce the amount of business it is doing or might do in the future with or through the Company.

For the avoidance of doubt, if you are an Excluded Service Provider, as described in Section 1(l) below (Grantees in California and Certain Other Jurisdictions), this Section 1(i) applies to you while you are providing services to the Company and does not apply to you during the Restricted Period.

- (j) Tolling. If you violate any of the terms of the Restrictive Covenant obligations articulated herein, the obligation at issue will run from the first date on which you cease to be in violation of such obligation.
  - (k) Successors and Assigns. The Award Agreement (including this Paragraph 1) shall inure to the benefit of the successors and assigns of the Company. The Company may assign this Award Agreement (including this Paragraph 1), without your consent. You may not assign the Award Agreement (or the obligations set forth in this Paragraph 1).
  - (l) Grantees in California and Certain Other Jurisdictions. If you primarily reside and work in California or another jurisdiction that would render, at the time your service with the Company terminates, (i) the non-competition provision in Section 2(h) (Non-Competition), and/or (ii) the non-solicitation or non-interference provisions in Section 2(i) (Non-Solicitation; Non-Interference) unenforceable during the Restricted Period, you will be considered an “Excluded Service Provider.” If you are an Excluded Service Provider, the non-competition restrictions described in Section 2(h) and/or the non-solicitation and non-interference provisions in Section 2(i), as applicable, shall not apply to you during the Restricted Period, except as provided in the next sentence. If you are an Excluded Service Provider, during the Restricted Period, to the fullest extent enforceable by law, you will not directly or indirectly solicit, or attempt to solicit, any employee or consultant of the Company, or any individual who was an employee or consultant of the Company within the six (6) months preceding such solicitation or attempt.
2. Interpretation. All determinations regarding the interpretation, construction, enforcement, waiver, or modification of this Award Agreement and/or the Plan shall be made in the Administrator’s sole discretion and shall be final and binding. Determinations made under this Award Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.
  3. Conflict. If any of the terms of this Award Agreement in the opinion of the Administrator conflict or are inconsistent with any applicable law or regulation of any governmental agency having jurisdiction, the Administrator reserves the right to modify this Award Agreement to be consistent with applicable laws or regulations.
  4. Personal Data. You understand and acknowledge that the Company holds certain personal information about you, including but not limited to your name, home address, telephone number, date of birth, social security number, salary, nationality, job title, and details of all Shares awarded, cancelled, vested, unvested, or outstanding (the “personal data”). Certain personal data may also constitute “sensitive personal data” within the meaning of applicable local law. Such data include but are not limited to the information provided above and any changes thereto and other appropriate personal and financial data about you. You hereby provide explicit consent to the Company to process any such personal data and sensitive personal data. You also hereby provide explicit consent to the Company to transfer any such personal data and sensitive personal data outside the country in which you are employed, and to the United States. The legal persons for whom such personal data are intended are the Company and any third party providing services to the Company in connection with the administration of the Plan.
  5. Plan Documents. By accepting this award, you acknowledge having received and read this Award Agreement and the Plan, and you consent to receiving information and

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

6. **Jurisdiction; Governing Law.** Any action arising out of or related to this Award Agreement or the Plan shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania, or in any court of general jurisdiction in Allentown, Pennsylvania; you and the Company consent to personal jurisdiction in any such court and waive any objection to the laying of venue of any such suit, action or proceeding in any such court. This Award Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to its principles of conflict/choice of law. You and the Company also irrevocably and unconditionally consent to the service of any process, pleadings, notices, or other papers with respect thereto. **YOU AND THE COMPANY IRREVOCABLY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS AWARD AGREEMENT.**
7. **Modification; Severability.** If any court of competent jurisdiction finds any provision of this Award Agreement, and particularly the covenants set forth in Paragraph 1, or portion thereof, to not be fully enforceable, it is the intention and desire of the parties that the provision be fully enforced to the extent the court finds them enforceable and, if necessary, that the court modify any provisions of this Award Agreement to the extent deemed necessary by the court to render them reasonable and enforceable and that the court enforce them to such extent. To the extent that such provisions cannot be modified, it is the intention of the parties that the provisions be severable and that the invalidity of any one or more provisions of this Award Agreement shall not affect the legality, validity and enforceability of the remaining provisions of this Award Agreement. If Paragraph 1 is unenforceable in its entirety, then this Award Agreement shall be considered null and void *ab initio*.
8. **Waiver.** The failure of the Company to enforce any terms, provisions or covenants of this Exhibit shall not be construed as a waiver of the same or of the right of the Company to enforce the same. Waiver by the Company of any breach or default by you of any term or provision of the Award Agreement (including these Restrictive Covenants) shall not operate as a waiver of any other breach or default.
9. **No Contract.** None of your FY2022 Restricted Stock Unit Awards, this Award Agreement, nor the Plan constitute a contract of employment; nor do they guarantee your continued employment for any period required for all or any of your Awards to vest or become exercisable.

## EXHIBIT B

### RESTRICTED STOCK UNITS

Grant of Restricted Stock Units. Restricted Stock Units (“Units”) are granted to you subject to the terms of the Plan, as amended from time to time, and the terms and conditions of this Award Agreement. The Units are “Deferred Stock Units” as described in Section 9 of the Plan. The Deferral Period for Units begins on 1 December 2021 and ends on 1 December 2025.

Payment of Restricted Stock Units. Each Unit granted to you represents the value of one share of Common Stock. Subject to the conditions described in this Award Agreement, payment in respect of the Units will be delivered in shares of Common Stock, cash, or both, as determined by the Administrator or its delegate, in its sole discretion, as soon as administratively practical following the end of the Deferral Period (but in no event later than 60 days thereafter) or at such other time as is specified below.

Dividend Equivalents. No cash dividends or other amounts shall be payable with respect to the Units during the Deferral Period. For each Unit that vests under this Award Agreement, you will be entitled to receive a payment equal to the dividends which would have been paid with respect to a share of Common Stock during the Deferral Period without interest (“Dividend Equivalents”). Such Dividend Equivalents will be paid in cash or shares of Common Stock following the end of the Deferral Period (but in no event later than 60 days thereafter) or at such other time as is specified below.

Termination of Employment. Except as provided below (with respect to a qualifying “Involuntary Termination,” as such term is defined below), if your employment by the Company and all of its affiliates is terminated for any reason prior to 1 December 2022 for any reason other than death or Disability, all of your Units will be automatically forfeited in their entirety. If your employment by the Company and all its affiliates terminates on or after 1 December 2022, but during the Deferral Period, other than due to death, Disability, Retirement or a termination by the Company without Cause, all of your Units will be automatically forfeited in their entirety. For purposes of this Award Agreement, (i) a termination without Cause by the Company during the Deferral Period shall be referred to as an “Involuntary Termination,” and (ii) Cause shall have the meaning set forth in the Plan, provided that if the administrator of the Air Products and Chemicals, Inc. Executive Separation Program (the “Program”) determines that you are eligible for the benefits of the Program, Cause shall have the meaning set forth in the Program.

If your employment by the Company and all its affiliates is terminated during the Deferral Period (including before 1 December 2022), due to death or Disability, you will vest in all of your Units.

If your employment by the Company and all its affiliates is terminated on or after 1 December 2022, but during the Deferral Period, due to Retirement, you will vest in all of your Units.

If your employment is terminated at any time during the Deferral Period (including before 1 December 2022) due to Involuntary Termination and you execute a general release of claims in favor of the Company within 50 days following your termination in a form satisfactory to the Administrator (a “Release”), you will vest in a pro-rata portion of your Units (which portion shall be based on the number of full months you worked during the Deferral Period and the total number of months in the Deferral Period) and all of your remaining Units will be forfeited. If you do not execute a Release, all of your Units will be automatically forfeited in their entirety.

With respect to an Involuntary Termination that also meets the definition of Retirement: (i) if services to the Company are terminated before 1 December 2022, such termination of employment shall be deemed to be, and shall be treated as, an Involuntary Separation for purposes of this Award Agreement; and (ii) if services to the Company are terminated on or after 1 December 2022 and prior to the end of the Deferral Period, such termination of employment shall be deemed to be, and shall be treated as, a Retirement for purposes of this Award Agreement.

In the event of your termination of employment due to Retirement on or after 1 December 2022 and prior to the end of the Deferral Period, payment in respect of the Units due to you and of related Dividend Equivalents shall be made as soon as administratively practical following the end of the Deferral Period (but in no event later than 60 days thereafter).

If your employment by the Company and all its affiliates terminates during the Deferral Period due to Involuntary Termination, payment in respect of Units that have not been forfeited and of related Dividend Equivalents shall be made as soon as administratively practical following your termination (but in no event later than 60 days thereafter).

If your employment by the Company and all its affiliates terminates at any time during the Deferral Period (including before 1 December 2022) due to Disability, payment in respect of Units due to you and of related Dividend Equivalents shall be made as soon as practicable following the end of the Deferral Period (but in no event later than 60 days thereafter).

If your employment by the Company and all its affiliates terminates at any time during the Deferral Period (including before 1 December 2022) due to death, payment in respect of Units due to you and of related Dividend Equivalents shall be made as soon as practicable following your death (but in no event later than 60 days thereafter) to your Designated Beneficiary or, if none, your legal representative.

Notwithstanding anything to the contrary above, if your employment by the Company and its affiliates is terminated and such termination constitutes a "Termination of Employment" within the meaning of the Program and the administrator of the Program determines you are entitled to the benefits of the Program, your outstanding Awards under this Agreement shall be treated in accordance with the Program.

Recoupment. Notwithstanding anything to the contrary above, any Units and any related Dividend Equivalents paid to you may be recouped by the Company within three years of their payment in the event that: (i) the payment of such Units is predicated upon the achievement of financial results that are subsequently the subject of a restatement; (ii) the Administrator determines in its sole discretion that you engaged in misconduct that caused or partially caused the need for the restatement; and (iii) the Units would not have been paid or a lesser amount of Units would have been paid based upon the restated financial results. In the event of any such recoupment, you shall pay to the Company the amount of any gain realized or payment received as a result of any recouped payment, in such manner and on such terms as may be required, and the Company shall be entitled to reduce any amount owed to you (including by causing the cancellation of any outstanding incentive Award due to you) by the Company by such gain or payment.

Notwithstanding any other provisions of this Award Agreement, in the event the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement, the Company may recover from you any amounts or awards which it is required to recover under Section 10D of the Securities Exchange Act of 1934 or any other applicable law or securities exchange listing standard.

Taxes. The Company shall have the right to deduct from all Awards hereunder paid or any payment in respect of an Award, any federal, state, local or foreign taxes required or permitted by law to be withheld. In the case of a payment in respect of Units made in Common Stock, the Company shall reduce number of the shares of Common Stock to be distributed by an amount with a value equal to the value of such taxes required or permitted to be withheld.

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

Code section 409A. It is intended that the provisions of this Award Agreement avoid the adverse consequences under section 409A of the Internal Revenue Code (the "Code"), and all provisions of the Award Agreement shall be construed and interpreted in a manner consistent with that intent. The Administrator reserves the right to make amendments to the Award Agreement as the Administrator deems necessary or desirable to avoid the imposition of taxes or penalties under section 409A of the Code. In any case, you shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you or for your account in connection with an Award (including any taxes and penalties under section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all of such taxes or penalties.

**Air Products and Chemicals, Inc. (the "Company")  
Performance Share Award Agreement**

Company Confidential Communication to: «Participant Name»

You have been granted a Performance Share award under the Air Products and Chemicals, Inc. 2021 Long-Term Incentive Plan (the "Plan").

Your FY2022 award consists of «Shares Granted» Deferred Stock Units with a three-year performance period, each unit (a "Performance Share") being equivalent in value to one share of Common Stock.

Your FY2022 Performance Share Award is subject to and contingent upon your agreement to the conditions described in Exhibit A and the terms described in Exhibit B (collectively, the "Conditions"). Please read the Conditions carefully, particularly the descriptions of the "Restrictive Covenants." This letter, together with its Exhibits, constitutes the agreement governing your FY2022 Performance Share Award ("Award Agreement"). Your FY2022 Performance Share Award is also at all times subject to the applicable provisions of the Plan and to any determinations made by the Administrator or its delegate, with respect to your FY2022 Performance Share Award as contemplated or permitted by the Plan or the Conditions. By accepting this award, you will be deemed to have accepted and agreed to the terms and conditions of the Award Agreement and the Plan.

None of your FY2022 Performance Share Award, this Award Agreement or the Plan constitute a contract of employment; nor do they guarantee your continued employment for any period required for all or any of your FY2022 Performance Share Award to vest, become exercisable, be earned or be paid out. Except as otherwise indicated all capitalized words used in this Award Agreement have the meanings described in the Plan.

WITNESSETH the due execution of this Award Agreement by the Company effective as of the 1st day of December 2021 and your acceptance of the Award Agreement intending to be legally bound hereby.

AIR PRODUCTS AND CHEMICALS, INC.

By:



Seifi Ghasemi

## EXHIBIT A

### FY2022 AWARDS UNDER THE PLAN ARE SUBJECT TO THE FOLLOWING CONDITIONS:

In the event the Company determines, in its sole discretion, that you have violated the restrictive covenants set forth in Paragraph 1 (the “Restrictive Covenants”), at any time during your employment, or within two years after termination of your employment from the Company, the Company shall be entitled to (i) preliminary and permanent injunctive relief, without the necessity of providing actual damages or posting of a bond, (ii) damages equal to an equitable accounting of all earnings, profits and other benefits arising from such violation of Paragraph 1, (iii) cancel, not deliver, modify, rescind, suspend, withhold, or otherwise limit or restrict any unexpired, unpaid, unexercised or deferred Awards outstanding under the Plan, and (iv) recoup the proceeds from any exercise, payment or delivery of an Award or any shares of Common Stock issued pursuant to an Award. In the event that the Company determines that you are subject to recoupment under these Restrictive Covenants, you shall repay the Company the amount determined by the Company in such manner and on such terms as may be required by the Company, and the Company shall be entitled to set off against the amount due under this provision any amount owed to you by the Company (including by causing the cancellation of any outstanding incentive Award due to you).

#### 1. Restrictive Covenants.

- (a) Definitions. For purposes of this Paragraph 1, the following words shall have the following definitions.
- (i) “Affiliate” of a specified Person shall mean any Person which is under common control with the specified Person, or of which the specified Person is an executive officer, manager, trustee, executor or similar controlling Person.
  - (ii) “Company” shall include Air Products and Chemicals, Inc. and the subsidiaries and Affiliates of Air Products and Chemicals, Inc.
  - (iii) “Business of the Company” means the production, manufacturing and distribution of industrial gases, including atmospheric and process gases; the designing and manufacturing of equipment for the production, processing, purification distribution or storage of gases or for natural gas liquefaction; and any other line of business conducted, developed or being developed by the Company during your employment with the Company, in each case, in which you are or were involved during the course of your employment with the Company or about which you possess Confidential Information.
  - (iv) “Confidential Information” means any non-public, proprietary confidential or trade secret information of the Company and/or its customers, including but not limited to, business processes, know-how, practices, methods, plans, research, operations, services, strategies, techniques, formulae, manuals, data, notes, diagrams, customer or vendor information, pricing or cost information, product plans, designs, experimental processes and inventions.

- (v) “Person” means any natural person, corporation, general partnership, limited partnership, limited liability company or partnership, joint venture, proprietorship or other business organization.
- (vi) “Provide Services” means to directly or indirectly, own, manage, control, or participate in the ownership, management or control of, or be employed or engaged by, participate in, serve on the board of directors of, consult with, contribute to, hold a security interest in, render services for, give advice to, provide assistance to or be otherwise affiliated or associated with.
- (vii) “Restricted Area” means any country in which you worked during your employment with the Company, over which you had supervisory responsibility for the Business of the Company while employed by the Company, or with respect to which you have Confidential Information pertaining to the Business of the Company.

(b) Acknowledgment.

- (i) You hereby expressly acknowledge and agree that the obligations in this Award Agreement are in addition to, and shall not supersede, the obligations you may have pursuant to other agreements with the Company, including, without limitation, your obligations under your Employee Patent and Confidential Information Agreement that you entered into when you were employed by the Company, which shall continue to apply in accordance with its terms.
- (ii) You acknowledge and agree that (A) the Business of the Company is intensely competitive and that your employment with the Company has required you to have access to, and knowledge of, Confidential Information, which is of vital importance to the success of the Business of the Company; (B) the use, disclosure or dissemination of any Confidential Information, except on behalf of the Company, could place the Company at a serious competitive disadvantage and could do serious damage, financial and otherwise, to the Business of the Company; and (C) the Company is engaged in business, and has customers, throughout the world.
- (iii) You further understand and acknowledge that the Company invests in customer relationships and as a result, has developed and will develop considerable goodwill with and among its customers. You agree that the Restrictive Covenants articulated herein are necessary to protect the Company’s legitimate business interests in its Confidential Information and goodwill, and that the Company would not have provided the good and valuable consideration set forth in this Award Agreement in absence of such restrictions. You further understand and acknowledge that the Company will be irreparably harmed if you violate the Restrictive Covenants articulated herein.

- (c) Confidential Information. You agree that you have and will at all times hereafter, (A) treat all Confidential Information as strictly confidential; and (B) not directly or indirectly disclose, publish, communicate or make available Confidential Information, or allow it to be disclosed, published, communicated, or made available, in whole or part, to any Person who is not authorized by the Company to know such Confidential Information in the furtherance of the Company's business.
- (d) Non-Disparagement. During your employment by the Company and for two years after your employment with the Company terminates for any reason, you agree not to directly or indirectly make, or cause to be made, any statement, observation or opinion that disparages or impugns the business or reputation of the Company, its products, services, agents or employees. You understand that this Section 1(d) does not, in any way, restrict or impede me from (i) exercising my rights under Section 7 of the National Labor Relations Act (or any other protected rights) to the extent that such rights cannot be waived by agreement.
- (e) Permitted Disclosures. Pursuant to 18 U.S.C. § 1833(b), you understand that you will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret of the Company that (i) is made (A) in confidence to a Federal, State, or local government official, either directly or indirectly, or to your attorney and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. You understand that if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose the trade secret to your attorney and use the trade secret information in the court proceeding if you (I) file any document containing the trade secret under seal, and (II) do not disclose the trade secret, except pursuant to court order. Nothing in this Award Agreement, or any other agreement you have with the Company, is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such section. Further, nothing in this Award Agreement or any other agreement you have with the Company shall prohibit or restrict you from making any disclosure of information or documents to any governmental agency or legislative body, or any self-regulatory organization, in each case, without advance notice to the Company.
- (f) Return of Company Property. You represent that upon request from the Company at any time and, without request, upon termination of your employment with the Company for any reason, you will deliver to the Company all memoranda, notes, records, manuals, or other documents, including all electronic or other copies of such materials and all documentation prepared or produced in connection therewith, containing Confidential Information, which is in your possession, custody and control, whether made or compiled by you or furnished to you by virtue of your employment with the Company. You further represent that you will deliver to the Company all vehicles, computers, credit cards, telephones, handheld electronic devices, office equipment and other property furnished to you by virtue of your employment with the Company.

- (g) Notice. You agree that during your employment with the Company and for two years after your employment with the Company terminates for any reason (the “Restricted Period”), you will give the Company 10 business days’ written notice of your intention to Provide Services to any other Person that engages in or is preparing to engage in the Business of the Company within the Restricted Area. Such written notice must provide sufficiently detailed information so as to allow the Company to determine if you will be in breach of this Award Agreement if you Provide Services to such other Person.
- (h) Non-Competition. During your employment by the Company and, unless you are an Excluded Service Provider, during the Restricted Period, you agree that you will not Provide Services to any Person, other than the Company, that engages in or is preparing to engage in the Business of the Company within the Restricted Area, unless (i) such other Person also engages in lines of business that are separate, distinct and divisible from the Business of the Company, (ii) you do not Provide Services, Confidential Information or strategy to the Business of the Company conducted by such other Person, and (iii) you do not attend meetings where the Business of the Company conducted by such other Person is discussed or where you could, even inadvertently, disclose Confidential Information. Your passive ownership of not more than one percent (1%) of the capital stock or other ownership or equity interest, or voting power, in a public company, registered under the Securities Exchange Act of 1934, as amended, shall not be deemed to be a violation of this paragraph. For the avoidance of doubt, if you are an Excluded Service Provider, as described in Section 1(l) below (Grantees in California and Certain Other Jurisdictions), this Section 1(h) applies to you while you are providing services to the Company and does not apply to you during the Restricted Period.
- (i) Non-Solicitation; Non-Interference. During your employment by the Company and, unless you are an Excluded Service Provider, during the Restricted Period, you also agree that you will not, directly or indirectly without the prior written consent of the Company:
- (i) encourage, persuade, induce, or attempt to encourage or persuade or induce, any person who is an employee at the grade level of 118 or above, an officer, or a director of the Company, in each case, to terminate such relationship with the Company; or hire or engage, participate in the hiring or engagement of, or solicit or make an offer of employment or engagement to any employee at the grade level of 118 or above, officer or director of the Company who was employed or engaged by the Company as of your last day of employment with the Company.
  - (ii) on behalf of any Person engaged in the Business of the Company (other than the Company) solicit, contact, or attempt to solicit or contact any current, former or prospective customer of the Company whom you had contacted within the 24 months prior to your last day of employment with the Company or about whom you have any Confidential Information.

- (iii) encourage or persuade, or attempt to encourage or persuade any (A) customer of the Company, (B) potential customer of the Company during the last 24 months of your employment with the Company with which or with whom you knew to be such a potential customer, or (C) prior customer of the Company, in each case, not to do business with the Company or to reduce the amount of business it is doing or might do in the future with or through the Company.

For the avoidance of doubt, if you are an Excluded Service Provider, as described in Section 1(l) below (Grantees in California and Certain Other Jurisdictions), this Section 1(i) applies to you while you are providing services to the Company and does not apply to you during the Restricted Period.

- (j) Tolling. If you violate any of the terms of the Restrictive Covenant obligations articulated herein, the obligation at issue will run from the first date on which you cease to be in violation of such obligation.
  - (k) Successors and Assigns. The Award Agreement (including this Paragraph 1) shall inure to the benefit of the successors and assigns of the Company. The Company may assign this Award Agreement (including this Paragraph 1), without your consent. You may not assign the Award Agreement (or the obligations set forth in this Paragraph 1).
  - (l) Grantees in California and Certain Other Jurisdictions. If you primarily reside and work in California or another jurisdiction that would render, at the time your service with the Company terminates, (i) the non-competition provision in Section 2(h) (Non-Competition), and/or (ii) the non-solicitation or non-interference provisions in Section 2(i) (Non-Solicitation; Non-Interference) unenforceable during the Restricted Period, you will be considered an “Excluded Service Provider.” If you are an Excluded Service Provider, the non-competition restrictions described in Section 2(h) and/or the non-solicitation and non-interference provisions in Section 2(i), as applicable, shall not apply to you during the Restricted Period, except as provided in the next sentence. If you are an Excluded Service Provider, during the Restricted Period, to the fullest extent enforceable by law, you will not directly or indirectly solicit, or attempt to solicit, any employee or consultant of the Company, or any individual who was an employee or consultant of the Company within the six (6) months preceding such solicitation or attempt.
2. Interpretation. All determinations regarding the interpretation, construction, enforcement, waiver, or modification of this Award Agreement and/or the Plan shall be made in the Administrator’s sole discretion and shall be final and binding. Determinations made under this Award Agreement and the Plan need not be uniform and may be made selectively among individuals, whether or not such individuals are similarly situated.
  3. Conflict. If any of the terms of this Award Agreement in the opinion of the Administrator conflict or are inconsistent with any applicable law or regulation of any governmental agency having jurisdiction, the Administrator reserves the right to modify this Award Agreement to be consistent with applicable laws or regulations.

4. Personal Data. You understand and acknowledge that the Company holds certain personal information about you, including but not limited to your name, home address, telephone number, date of birth, social security number, salary, nationality, job title, and details of all Shares awarded, cancelled, vested, unvested, or outstanding (the “personal data”). Certain personal data may also constitute “sensitive personal data” within the meaning of applicable local law. Such data include but are not limited to the information provided above and any changes thereto and other appropriate personal and financial data about you. You hereby provide explicit consent to the Company to process any such personal data and sensitive personal data. You also hereby provide explicit consent to the Company to transfer any such personal data and sensitive personal data outside the country in which you are employed, and to the United States. The legal persons for whom such personal data are intended are the Company and any third party providing services to the Company in connection with the administration of the Plan.
5. Plan Documents. By accepting this award, you acknowledge having received and read this Award Agreement and the Plan, and you consent to receiving information and materials in connection with this Award or any subsequent awards under the Company’s long-term performance plans, including without limitation any prospectuses and plan documents, by any means of electronic delivery available now and/or in the future (including without limitation by e-mail, by website access, and/or by facsimile), such consent to remain in effect unless and until revoked in writing by you. This Award Agreement and the Plan, which is incorporated herein by reference, constitute the entire agreement between you and the Company regarding the terms and conditions of this Award.
6. Jurisdiction; Governing Law. Any action arising out of or related to this Award Agreement or the Plan shall be brought exclusively in the United States District Court for the Eastern District of Pennsylvania, or in any court of general jurisdiction in Allentown, Pennsylvania; you and the Company consent to personal jurisdiction in any such court and waive any objection to the laying of venue of any such suit, action or proceeding in any such court. This Award Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without reference to its principles of conflict/choice of law. You and the Company also irrevocably and unconditionally consent to the service of any process, pleadings, notices, or other papers with respect thereto. **YOU AND THE COMPANY IRREVOCABLY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, CLAIM, OR COUNTERCLAIM BROUGHT BY OR ON BEHALF OF ANY PARTY RELATED TO OR ARISING OUT OF THIS AWARD AGREEMENT.**
7. Modification; Severability. If any court of competent jurisdiction finds any provision of this Award Agreement, and particularly the covenants set forth in Paragraph 1, or portion thereof, to not be fully enforceable, it is the intention and desire of the parties that the provision be fully enforced to the extent the court finds them enforceable and, if necessary, that the court modify any provisions of this Award Agreement to the extent deemed necessary by the court to render them reasonable and enforceable and that the court enforce them to such extent. To the extent that such provisions cannot be modified, it is the intention of the parties that the provisions be severable and that the invalidity of any one or more provisions of this Award Agreement shall not affect the legality, validity and enforceability of the remaining provisions of this Award Agreement. If Paragraph

1 is unenforceable in its entirety, then this Award Agreement shall be considered null and void *ab initio*.

8. Waiver. The failure of the Company to enforce any terms, provisions or covenants of this Exhibit shall not be construed as a waiver of the same or of the right of the Company to enforce the same. Waiver by the Company of any breach or default by you of any term or provision of the Award Agreement (including these Restrictive Covenants) shall not operate as a waiver of any other breach or default.
9. No Contract. None of your FY2022 Performance Share Awards, this Award Agreement, nor the Plan constitute a contract of employment; nor do they guarantee your continued employment for any period required for all or any of your Awards to vest or become exercisable.

## EXHIBIT B

### PERFORMANCE SHARES

Grant of Performance Shares. Performance Shares are granted to you subject to the terms of the Plan, as amended from time to time and the terms and conditions described in this Award Agreement. The Performance Shares are “Deferred Stock Units” as described in Section 9 of the Plan. The Deferral Period begins on 1 December 2021 and ends on 1 December 2024.

Payment of Deferred Stock Units. The Performance Shares granted to you will be earned in accordance with the formula indicated in Attachment I based on Air Products’ relative “Total Shareholder Return” in relation to the “TSR comparator group” (as such terms are defined in Attachment I) over the three fiscal year performance period beginning 1 October 2021 and ending 30 September 2024 (the “Performance Period”). Subject to the conditions described in this Award Agreement, Performance Shares earned and not forfeited (including in the event of your termination of employment during the Deferral Period) shall be paid in shares of Common Stock, cash, or both, as determined by the Administrator or its delegate, in its sole discretion, as soon as administratively practical following the end of the Deferral Period (but in no event later than 60 days thereafter).

Dividends. No cash dividends or other amounts shall be payable with respect to the Performance Shares during the Deferral Period. For each earned Performance Share that vests under this Award Agreement, you will be entitled to receive a payment equal to the dividends which would have been paid with respect to a share of Common Stock during the Deferral Period without interest (“Dividend Equivalents”). Such Dividend Equivalents will be paid in cash or shares of Common Stock following the end of the Deferral Period (but in no event later than 60 days thereafter) or at such other time as is specified below.

Termination of Employment. Except as provided below (with respect to a qualifying “Involuntary Termination” as such term is defined below), if your employment by the Company and all of its affiliates is terminated for any reason prior to 1 December 2022 for any reason other than death or Disability, all of your Performance Shares will be automatically forfeited in their entirety. If your employment by the Company and all its affiliates terminates on or after 1 December 2022, but during the Deferral Period, other than due to death, Disability, Retirement or a termination by the Company without Cause, all of your Performance Shares will be automatically forfeited in their entirety. For purposes of this Award Agreement, (i) a termination without Cause by the Company during the Deferral Period shall be referred to as an “Involuntary Termination,” and (ii) Cause shall have the meaning set forth in the Plan, provided that if the administrator of the Air Products and Chemicals, Inc. Executive Separation Program (the “Program”) determines that you are eligible for the benefits of the Program, Cause shall have the meaning set forth in the Program.

If your employment by the Company and all its affiliates is terminated during the Deferral Period (including before 1 December 2022), due to death or Disability, you will vest in a pro-rata portion of your earned Performance Shares, based on actual financial performance, as determined by the Administrator in its sole discretion, (which portion in each case shall be based on the number of full months you worked during the Performance Period before your termination of employment *divided by 36*) and your remaining Performance Shares will be forfeited.

If your employment by the Company and all its affiliates is terminated on or after 1 December 2022, but during the Deferral Period, due to Retirement, you will vest in a pro-rata portion of your earned Performance Shares, based on actual financial performance, as determined by the Administrator in its sole discretion, (which portion in each case shall be based on the number of

full months you worked during the Performance Period before your termination of employment *divided by 36*) and your remaining Performance Shares will be forfeited.

If your employment is terminated at any time during the Deferral Period (including before 1 December 2022) due to Involuntary Termination and you execute a general release of claims in favor of the Company within 50 days following your termination in a form satisfactory to the Administrator (a "Release"), you will vest in a pro-rata portion of your earned Performance Shares, based on actual financial performance, as determined by the Administrator in its sole discretion, (which portion shall be based on the number of full months you worked during the Performance Period before your termination of employment *divided by 36*) and all of your remaining Performance Shares will be forfeited. If you do not execute a Release, all of your Performance Shares will be automatically forfeited in their entirety.

With respect to an Involuntary Termination that also meets the definition of Retirement: (i) if services to the Company are terminated before 1 December 2022, such termination of employment shall be deemed to be, and shall be treated as, an Involuntary Separation for purposes of this Award Agreement; and (ii) if services to the Company are terminated on or after 1 December 2022 and prior to the end of the Deferral Period, such termination of employment shall be deemed to be, and shall be treated as, a Retirement for purposes of this Award Agreement.

In the event of your termination of employment due to Retirement on or after 1 December 2022 and prior to the end of the Deferral Period, payment in respect of the Performance Shares due to you and of related Dividend Equivalents shall be made as soon as administratively practical following the end of the Deferral Period (but in no event later than 60 days thereafter).

If your employment by the Company and all its affiliates terminates at any time during the Deferral Period due to Involuntary Termination, payment in respect of Performance Shares that have not been forfeited and of related Dividend Equivalents shall be made as soon as administratively practical following the end of the Deferral Period (but in no event later than 60 days thereafter).

If your employment by the Company and all its affiliates terminates at any time during the Deferral Period (including before 1 December 2022) due to death or Disability, payment in respect of earned Performance Shares that have not been forfeited and of related Dividend Equivalents shall be made, as soon as practicable following the end of the Deferral Period (but in no event later than 60 days thereafter), to you, or, in the event of death, your Designated Beneficiary or, if none, your legal representative.

Notwithstanding anything to the contrary above, if your employment by the Company and its affiliates is terminated and such termination constitutes a "Termination of Employment" within the meaning of the Program and the administrator of the Program determines you are entitled to the benefits of the Program, your outstanding Awards under this Agreement shall be treated in accordance with the Program.

**Recoupment.** Notwithstanding anything to the contrary above, any Performance Shares earned or paid and any related Dividend Equivalents paid to you may be recouped by the Company within three years of their payment in the event that: (i) the earning of such Performance Shares is predicated upon the achievement of financial results that are subsequently the subject of a restatement; (ii) the Administrator determines in its sole discretion that you engaged in misconduct that caused or partially caused the need for the restatement; and (iii) the Performance Shares would not have been earned or a lesser amount of Performance Shares would have been earned based upon the restated financial results. In the event of any such recoupment, you shall pay to the Company the amount of any gain realized or payment received as a result of any

recouped payment, in such manner and on such terms as may be required, and the Company shall be entitled to reduce any amount owed to you (including by causing the cancellation of any outstanding incentive Award due to you) by the Company by such gain or payment.

Notwithstanding any other provisions of this Award Agreement, in the event the Company is required to prepare an accounting restatement due to its material noncompliance with any financial reporting requirement, the Company may recover from you any amounts or awards which it is required to recover under Section 10D of the Securities Exchange Act of 1934 or any other applicable law or securities exchange listing standard.

Taxes. The Company shall have the right to deduct from all Awards hereunder paid or any payment in respect of an Award, any federal, state, local or foreign taxes required or permitted by law to be withheld. In the case of a payment in respect of Performance Shares made in Common Stock, the Company shall reduce number of the shares of Common Stock to be distributed by an amount with a value equal to the value of such taxes required or permitted to be withheld.

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

Code section 409A. It is intended that the provisions of this Award Agreement avoid the adverse consequences under section 409A of the Internal Revenue Code (the "Code"), and all provisions of the Award Agreement shall be construed and interpreted in a manner consistent with that intent. The Administrator reserves the right to make amendments to the Award Agreement as the Administrator deems necessary or desirable to avoid the imposition of taxes or penalties under section 409A of the Code. In any case, you shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you or for your account in connection with an Award (including any taxes and penalties under section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all of such taxes or penalties.

## ATTACHMENT I

### **FY2022-2024 Performance Share Payout Schedule**

1. Performance Shares Earned. For the avoidance of doubt, capitalized terms that are otherwise not defined in this Attachment will have the same definition as in the Award Agreement. The number of Performance Shares earned will be determined in accordance with the following formula:

$$\frac{(\text{PERFORMANCE SHARES AWARDED}) \times (\text{PAYOUT FACTOR})}{(\text{PERFORMANCE SHARES EARNED})} =$$

2. Payout Factor. The “Payout Factor” is the percentage determined under this Section 2. The Payout Factor is based on the Company’s TSR Percentile Rank among the TSR comparator group for the Performance Period. The “Initial Payout Factor” is determined in accordance with the following schedule:

Company’s TSR Percentile Rank	Initial Payout Factor
≥ 75 <sup>th</sup> %ile	200%
≥ 50 <sup>th</sup> %ile	100%
≥ 30 <sup>th</sup> %ile	30%
< 30 <sup>th</sup> %ile	0%

The Initial Payout Factor will be interpolated for TSR Percentile Rank between discrete points, from a minimum Initial Payout Factor of 30 percentage points to a maximum Initial Payout Factor of 200 percentage points

The Initial Payout Factor will be increased by 15 percentage points to determine the maximum Payout Factor (the “Maximum Payout Factor”), but in no event will the Maximum Payout Factor exceed 215 percentage points. The Committee, in its discretion, may decrease the Maximum Payout Factor by up to 30 percentage points (*i.e.*, a decrease of 15 percentage points from the Initial Payout Factor) to determine the Payout Factor. The Committee, in its discretion, may adjust the amount of any individual’s payout, but the Payout Factor used for such payout may not exceed the Maximum Payout Factor.

### 3. Definitions.

“Beginning Price” means, with respect to the Company’s and any other TSR comparator group company’s common stock, the average of the closing sale prices of a share of such common stock on the principal exchange on which such stock is traded for the thirty (30) calendar days preceding the first day of the of the Performance Period.

“Ending Price” means, with respect to the Company’s and any other TSR comparator group company’s common stock, the average of the closing sale prices of a share of such company’s common stock on the principal exchange on which such stock is traded for thirty (30) calendar days ending with the last day of the Performance Period.

The TSR comparator group for purposes of calculating the TSR Percentile Rank, shall be a fixed group of the companies that comprise the S&P 500 index at the beginning of the Performance Period (*i.e.*, 1 October 2021), subject to the modifications described below.

The TSR comparator group will be modified to reflect merger and acquisition activity during the Performance Period. If an S&P 500 constituent is acquired during the Performance Period, they will be removed from the index when calculating the payout. If an S&P 500 constituent has a spin, the RemainCo stays when calculating the payout, and SpinCo will be treated as a dividend. If an S&P 500 constituent goes bankrupt during the Performance Period, the company will remain in the comparator group, ranked at the bottom.

“Total Shareholder Return” or “TSR” shall be the percent increase/decrease in value that would be experienced from purchasing a share of the Company’s or a TSR comparator group company’s common stock at the Beginning Price and holding it for the Performance Period and selling at the Ending Price of such a share, assuming that dividends and other distributions are reinvested in additional shares of such stock at the closing market price on the ex-dividend date. Any non-cash distributions shall be valued at market value that shall be determined by the Committee.

“TSR Rank” means the ranking of the Company’s TSR among the TSRs for the TSR comparator group companies for the Performance Period. TSR Rank is determined by ordering the TSR comparator group companies and the Company from highest to lowest based on TSR for the Performance Period and counting down from the company with the highest TSR (ranked first) to the Company’s position on the list. If two companies are ranked equally, the ranking of the next company shall account for the tie, so that if one company is ranked first, and two companies are tied for second, the next company is ranked fourth. In the event of any ambiguity, the determination of the Committee shall be final and binding.

### 4. TSR Percentile Rank. The TSR Percentile Rank will be determined as follows:

The  $n^{\text{th}}$  ranked company out of the  $N$  companies (including Air Products) would have the following TSR Percentile Rank

$$\text{TSR Percentile Rank} = \frac{(N - n)}{(N - 1)}$$

That is, if Air Products ranked 5<sup>th</sup> out of 16 companies, its TSR Percentile Rank would be 73.3%  $((16-5)/(16-1))$ , which would give an Initial Payout Factor of 193.3%.

**AIR PRODUCTS AND CHEMICALS, INC.**

**RETIREMENT SAVINGS PLAN**

**AS AMENDED AND RESTATED**

**EFFECTIVE January 1, 2022**

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**AIR PRODUCTS AND CHEMICALS, INC.  
RETIREMENT SAVINGS PLAN**

**ARTICLE I**

**PURPOSES**

1.01 **Purposes.** This Plan is established to facilitate the accumulation and investment of retirement and other savings for eligible employees and to provide such employees with an opportunity to acquire a stock interest in Air Products and Chemicals, Inc. (the "Company"), and is intended to be a profit-sharing plan described in Code Section 401(a) with a cash or deferred arrangement described in Code Section 401(k) and an employee stock ownership plan component as defined in Code Section 4975(e), all in accordance with the terms and conditions hereinafter set forth. Unless otherwise stated or required by applicable law, the effective date of the current amendment and restatement shall be January 1, 2022, and shall not be applicable to persons retiring or otherwise terminating employment with the Company and its Affiliated Companies prior to January 1, 2022, except as otherwise provided herein.

**ARTICLE II**

**DEFINITIONS**

As used in this Plan, the terms listed below shall have the meanings assigned below; provided, however, that special definitions for purposes of Sections 3.07, 3.14, and 3.15 are contained in Paragraphs 3.07(a), 3.14(a), and 3.15(a), respectively.

2.01 **Affiliated Company** means each trade or business (whether or not incorporated) while it, together with the Company, is treated as a controlled group of corporations (as defined in Code Section 414(b)), as under common control (as defined in Code Section 414(c)), or as an affiliated service group (as defined in Code Section 414(m)), or is required to be aggregated with the Company pursuant to the regulations under Code Section 414(o); provided, however, that for purposes of

Section 3.15 of the Plan and where otherwise applicable, the modification provided for in Code Section 415(h) shall be taken into account.

2.02 **After-Tax Contributions** mean contributions made by a Participant to the Plan on an after-tax basis. Effective January 1, 2016, the Plan will no longer permit After-Tax Contributions. The Plan, however, will maintain the After-Tax Contribution Account of a Participant.

2.03 **After-Tax Contribution Account** means the account to which a Participant's After-Tax Contributions, if any, are allocated.

2.04 **Annual Salary** means the total annual salary of a Participant, as determined by the Employer based solely on its records, including elective contributions made by an Employer on behalf of the Employee that are not includible in federal taxable income under Code Section 125 or Code Section 402(e)(3), excluding:

(a) Discretionary bonuses or grants, including, without limitation, income howsoever derived from any stock options or other equity-based awards, scholastic aid, payments and awards for suggestions and patentable inventions, other merit awards or variable compensation, expense allowances, and noncash compensation (including imputed income);

(b) Payments of Company Matching Contributions under Section 3.03 and Company Core Contributions under Section 3.04 of this Plan, accruals or distributions under this Plan, or payments, accruals, or distributions under any severance, incentive, or welfare plan or other retirement, pension, or profit-sharing plan of an Employer;

(c) Overtime, commissions, mileage, shift premiums, and payments in lieu of vacation; and

(d) All supplemental compensation 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 for such service.

In the case of a Participant who is a full-time hourly or a weekly salaried production and maintenance employee, Annual Salary shall be determined by multiplying his base hourly pay rate by 2,080 hours. In the case of a Participant who is a part-time hourly employee or a part-time non-exempt salaried employee, Annual Salary shall be determined by multiplying his base hourly pay by his scheduled annual hours. Notwithstanding the above, Annual Salary means 125% of the amount determined in accordance with the preceding two sentences for any Participant who is employed as an over-the-road truck driver by an Employer, is paid on a mileage and hourly basis or who receives trip pay, and whose employment is based at a liquid bulk distribution terminal designated from time to time by the Senior Vice President - Human Resources as a "Designated Terminal" and identified as such on Exhibit I.

For Employees who are receiving compensation directly from the Employer during periods of short-term disability, Annual Salary for purposes of Core Contributions will be computed in the same manner as if in active employment.

Notwithstanding the above, "Annual Salary" shall not exceed the limitation provided under Code Section 401(a)(17) as adjusted pursuant to Code Section 401(a)(17)(B) for any Plan Year.

2.05 **Before-Tax Contributions** mean contributions made by the Employer on behalf of a Participant pursuant to the Participant's Deferral Election under Paragraph 3.02(a) or Deemed Election under Paragraph 3.02(d).

2.06 **Before Tax Contribution Account** means the account to which a Participant's Before Tax Contributions, if any, are allocated.

2.07 **Beneficiary** or **Beneficiaries** mean the person(s), trust(s), or other recipient(s) as determined under the provisions of Section 5.02, who or which shall receive all amounts credited to the Participant's Plan accounts following the death of the Participant.

2.08 **Board** means 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.

2.09 **Business Day** means any day the New York Stock Exchange is open for business.

2.10 **Catch-up Contributions** mean contributions made by the Employer on behalf of a Participant pursuant to the Participant's Deferral Election under Paragraph 3.02(c). The term "Catch-Up Contribution" shall include "Roth Catch-up Contributions". A "Roth Catch-up Contribution" is a Catch-up Contribution which is includable in a Participant's gross income at the time the Catch-up Contribution is made to the Plan.

2.11 **Catch-Up Contribution Account** means the account to which a Participant's, Catch-Up Contributions, if any, are allocated. The term "Catch-Up Contribution Account" shall include the account for Roth Catch-Up Contributions which, if any, will be separately accounted for.

2.12 **Claims Committee** means the committee appointed by the Senior Vice President-Human Resources to review and determine appeals of claims arising under the Plan in accordance with Section 6.05.

2.13 **Code** means the Internal Revenue Code of 1986, as amended from time to time, and regulations thereunder.

2.14 **Company** means Air Products and Chemicals, Inc., or any successor in interest thereto.

2.15 **Company Core Contributions** mean contributions made by the Employer under Section 3.04.

2.16 **Company Core Contribution Account** means the account to which a Participant's Core Contributions, if any, are allocated.

- 2.17 **Company Matching Contributions** mean contributions made by the Employer under Section 3.03.
- 2.18 **Company Matching Contribution Account** means the account to which a Participant's Company Matching Contributions, if any, are allocated.
- 2.19 **Company Stock** means common stock of the Company.
- 2.20 **Core Contribution Participant** shall mean an Electing Employee or a salaried Employee whose Employment Commencement Date or Reemployment Commencement Date occurs after October 21, 2004, or who otherwise becomes a salaried Employee after such date, a non-union hourly Employee whose Employment Commencement Date or Reemployment Commencement date occurs after February 1, 2011, or an employee who otherwise becomes a non-union hourly Employee after February 1, 2011 provided such employee is not accruing benefits in the Hourly Pension Plan. With respect to Employees who were employed by EPCO Carbon Dioxide Products, Inc. on May 31, 2013 and who were hired by the Company on June 1, 2013, such Employees shall become a Core Contribution Participant effective July 1, 2013. Effective November 1, 2017, the term Core Contribution Participant shall also include Employees covered by the terms of a collective bargaining agreement whose terms provide for a Core Contribution.
- 2.21 **Credited Service** means credited service as defined in the Salaried Pension Plan or Hourly Pension Plan, as applicable.
- 2.22 **Deemed Election** means a passive election to make Before-Tax Contributions to the Plan pursuant to Section 3.02(d).
- 2.23 **Deferral Election** means the election made by a Participant in accordance with Section 3.02.
- 2.24 **Defined Benefit Plan** means any Retirement Plan which does not meet the definition of a Defined Contribution Plan.

2.25 **Defined Contribution Plan** means a Retirement Plan which provides for an individual account for each participant and for benefits based solely on the amount contributed to the participant's account and on any income, expenses, gains, and losses, and any forfeitures of accounts of other participants, which may be allocated to such participant's account. For this purpose, any Participant's contributions made pursuant to a Defined Benefit Plan maintained by the Company or an Affiliated Company shall be treated as a separate Defined Contribution Plan.

2.26 **Distribution Event** means: a Participant's severance from employment with the Company and all Affiliated Companies, death or disability, in each case as defined by Code Section 401(k)(2)(B)(i).

2.27 **Electing Employee** means an Employee who voluntarily elects to cease accruing years of Credited Service under the Salaried Pension Plan as of the Retirement Program Change Effective Date in order to receive Company Core Contributions and increased Company Matching Contributions.

2.28 **Employee** means (a) any salaried employee of an Employer or (b) any non-union hourly paid employee who is employed by an Employer at one of the locations from time to time designated by the Senior Vice President - Human Resources and listed on Exhibit I attached hereto and made a part hereof, as said Exhibit I is updated from time to time or (3) any employee of the Employer who is covered by a collective bargaining agreement and the terms of such collective bargaining agreement provide for participation in the Plan; provided however, that no person shall be an Employee if such person is a leased employee (as defined below) of an Employer, a participant in the Supplemental Employment Program, a foreign national on a temporary assignment to an Employer, or an employee working under a Summer Internship Program, a Cooperative Education Program, or other temporary or supplemental employment program of an Employer. An employee of an Employer who is covered by a collective bargaining agreement shall not be an Employee unless the terms of such collective bargaining agreement provide for participation in the Plan. Notwithstanding the foregoing, if a leased employee or an employee of an Affiliated Company becomes

an Employee, his service with the Company and Affiliated Companies prior to becoming an Employee shall be taken into account for eligibility and vesting purposes under the Plan. The term “employee” as used herein shall mean any common law employee of the Company or an Affiliated Company but shall exclude any person classified by the Company as an independent contractor even if such individual is subsequently reclassified as a common law employee by the Internal Revenue Service or any other agency, entity, or person.

For purposes of the preceding paragraph, a “leased employee” is any person (other than an employee of the Employer) who pursuant to an agreement between the Employer and any other person (leasing organization) has performed services for the Employer (or for the Employer and related persons determined in accordance with Code Section 414(n)(6)) on a substantially full-time basis for a period of at least one year, and such services are performed under primary direction or control by the Employer.

2.29 **Employer** means the Company and/or any Participating Employer, either collectively or separately as the context requires.

2.30 **Employment Commencement Date** means the date on which the Employee first performs an Hour of Service under Section 2.34 for an Employer or an Affiliated Company.

2.31 **ERISA** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

2.32 **Fair Market Value**, as of any Business Day with respect to Company Stock, means the closing sale price for Company Stock for such date on the New York Stock Exchange, or, if no such sale occurred, the average of the closing bid and asked prices for such date on the New York Stock Exchange.

2.33 **Five Year Taxable Period** means with respect to a Roth 401(k) Contribution the period of time beginning on the first day of the taxable year for which the Participant made a designated Roth 401(k) Contribution to the Plan and ending after

five consecutive taxable years have passed. With respect to a direct Roth Rollover from another plan, the period begins on the first day of the taxable year that the Participant made the designated Roth contribution to the other plan and ends after five consecutive taxable years have passed. For purposes of the Five Year Taxable Period, a reemployed veteran making a Roth 401(k) Contribution will be treated as having made in the taxable year of qualified military service that the veteran designates at the year to which the Roth 401(k) Contribution was made.

2.34 **Hour of Service** means:

(a) each hour for which an employee (whether or not as an Employee) is directly or indirectly paid, or entitled to payment, for the performance of duties for the Company or an Affiliated Company during the applicable computation period;

(b) each hour for which an employee (whether or not as an Employee) is directly or indirectly paid, or entitled to payment, by the Company or an Affiliated Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including short-term disability), layoff, jury duty, military duty, or leave of absence;

(c) each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company or an Affiliated Company, with respect to an employee (whether or not an Employee), provided such hours have not previously been credited under either Paragraphs (a) or (b) above; and

(d) In the case of an employee who is reemployed by the Company or an Affiliated Company in accordance with the requirements of applicable federal law following an authorized leave of absence due to service in the Armed Forces of the United States, each hour during which such employee (whether or not as an Employee) is not performing duties for the Company or an Affiliated Company due to such military leave whether or not such employee is paid, or entitled to payment, by the Company or an Affiliated Company.

For purposes of this Section, a payment shall be deemed to be made by or due from the Company or an Affiliated Company whether such payment is directly made by or due from the Company or Affiliated Company, or indirectly made through, among other sources, a trust fund or insurer to which the Company or Affiliated Company contributes or pays premium (e.g., for group term life insurance).

For purposes of Paragraphs (b) and (c) above, the following rules shall apply:

(i) No more than five hundred and one (501) Hours of Service shall be credited on account of any single continuous period during which the employee performs no duties for the Company or an Affiliated Company (whether or not such period occurs in a single computation period) except for short term disability salary continuation;

(ii) No Hours of Service shall be credited for a payment made or due under a plan maintained solely for the purpose of complying with applicable workers' compensation, unemployment compensation, or disability insurance laws; and

(iii) No Hours of Service shall be credited for a payment which solely reimburses an employee for medical or medically related expenses incurred by the employee.

In the case of a payment which is made or due on account of a period during which an employee performs no duties for the Company or an Affiliated Company, and which results in the crediting of Hours of Service under Paragraphs (b) or (c) above, the number of hours and the period to which such hours are to be credited shall be determined in accordance with the rules promulgated by the United States Department of Labor in paragraphs (b), (c), and (d) of the regulations at 29 CFR § 2530.200b-2 or any future regulations which change, amend, or supersede such regulations, which regulations are incorporated by reference herein.

2.35 **Hourly Pension Plan** means the Pension Plan for Hourly Rated Employees of Air Products and Chemicals, Inc., as amended from time to time.

2.36 **IGS Savings Plan** means the Industrial Gas and Supply Company Retirement Savings Plan which was merged into the Plan effective as of March 31, 2000.

2.37 **Investment Committee** means the Pension Investment Committee of the Company, consisting of persons appointed by the Finance Committee of the Board and authorized, directed and empowered to supervise, monitor and review the management, custody, control and investment performance of the assets of the Plan.

2.38 **Investment Vehicle** means any security or other investment in which the Trustee is authorized to invest Participant Contributions transferred to a particular Participant Investment Fund, other than cash or interest-bearing investments of a short-term nature in which such Participant Contributions may be temporarily invested pending investment in such security or other investment.

2.39 **Matched Contributions** means Before-Tax Contributions and Roth 401(k) Contributions that are matched by the Employer in accordance with Section 3.03.

2.40 **Normal Retirement Age** means age 65.

2.41 **Participant** means: (a) any Employee who is eligible to participate in the Plan in accordance with Section 3.01, or (b) any former Employee by whom or for whom contributions have been made under Sections 3.02, 3.03, 3.04, 3.12, or 3.13, and (c) any participant in the IGS Savings Plan on March 30, 2002, until such time as all such contributions and earnings thereon have been withdrawn by or distributed to such Employee, former Employee or IGS Savings Plan Participant.

2.42 **Participant Contributions** mean, collectively, funds held and invested by the Trustee under the Trust Agreement which were, when first transferred to the Trustee, Matched Contributions, Unmatched Contributions, rollover contributions as described in Section 3.12, or assets received in plan-to-plan transfers or mergers as described in Section 3.13, together with earnings thereon.

2.43 **Participant Investment Funds** mean the funds described in Appendix A, as amended from time to time, which other than the Company Stock Fund, are chosen by the Investment Committee, in which Participant Contributions and Company Core Contributions are held for investment.

2.44 **Participating Employer** means those Affiliated Companies listed as Participating Employers on Schedule I hereto, while such designation is in effect, and any Affiliated Company which is later designated by the Board or pursuant to authority delegated by the Board as a Participating Employer under the Plan, whose designation has not been revoked. An Affiliated Company's status as a Participating Employer shall be automatically revoked upon its ceasing to be an Affiliated Company. A Participating Employer or the Board or person acting pursuant to authority delegated by the Board may revoke such designation at any time, but until such acceptance has been revoked, all of the provisions of the Plan and amendments thereto shall apply to the Employees and former Employees of the Participating Employer. In the event the designation of a Participating Employer is revoked, the Plan shall be deemed discontinued only as to such Participating Employer.

2.45 **Party in Interest** has the meaning provided in ERISA Section 3(14), or regulations promulgated thereunder or any future regulations which change, amend, or supersede such regulations.

2.46 **Period of Severance** means a 12-consecutive-month period beginning on an individual's Severance from Service Date or any anniversary thereof and ending on the next succeeding anniversary of such date during which the individual is not credited with at least one Hour of Service.

2.47 **Plan** means the "Air Products and Chemicals, Inc. Retirement Savings Plan" as set forth herein and as amended from time to time.

2.48 **Plan Administrator** means the Senior Vice President – Human Resources, or such other person or entity as he or she shall appoint to fill such role.

2.49 **Plan Year** means the annual period beginning on January 1 and ending on December 31 of the following calendar year. A Plan Year shall be designated according to the calendar year in which such Plan Year ends. The Plan Year shall also be the limitation year for purposes of applying the limitation of Code Section 415.

2.50 **Qualified Default Investment Alternative** means the Participant Investment Fund chosen by the Investment Committee, as designated in Appendix A, to meet the requirements of ERISA Section 404(c)(5) and the regulations thereunder.

2.51 **Qualified Domestic Relations Order** means: (a) any qualified domestic relations order as defined in Code Section 414(p) and ERISA Section 206(d), or (b) any other domestic relations order permitted to be treated as a qualified domestic relations order by the Plan Administrator under the provisions of the Retirement Equity Act of 1984 and which the Plan Administrator determines to treat as a qualified domestic relations order.

2.52 **Reemployment Commencement Date** means the first day on which an individual performs an Hour of Service under Section 2.34 after incurring a Period of Severance.

2.53 **Retirement Plan** means: (a) any profit-sharing, pension, or stock bonus plan described in Code Sections 401(a) and 501(a), (b) any annuity plan or annuity contract described in Code Sections 403(a) or 403(b) of the Code, or (c) any individual retirement account or individual retirement annuity described in Code Sections 408(a) or 408(b).

2.54 **Retirement Program Change Effective Date** means January 1, 2005, except that (a) for Employees at the South Brunswick, New Jersey facility who were hourly-rated instrument and electrical technicians, warehouse technicians, laboratory technicians, maintenance technicians, operation technicians, or production technicians as of January 1, 2005, the Retirement Program Change Effective Date shall be January 1, 2006, and (b) for salaried Employees who were on military leave on

January 1, 2005, the Retirement Program Change Effective Date shall be the first of the month following 30 days after returning from military leave.

2.55 **Rollover Contribution Account** means the account to which a Participant's Rollover Contributions made in accordance with Code Section 402(c)(2), if any, are allocated. The Rollover Contribution Account shall not contain any allocations of Roth Rollover Contributions; rather, Roth Rollover Contributions shall be allocated to the Roth Rollover Contribution Account.

2.56 **Roth 401(k) Contribution** means a Participant's Elective Deferral that is (a) includable in the Participant's gross income at the time that the Elective Deferral is deferred, and (b) has been irrevocably designated as a Roth 401(k) Contribution.

2.57 **Roth 401(k) Contribution Account** means the account to which a Participant's Roth 401(k) Contributions, if any, are allocated. No contributions other than Roth 401(k) Contributions and properly attributable earnings will be credited to a Participant's Roth 401(k) Contribution Account; and gains, losses and other credits or charges will be allocated on a reasonable and consistent basis to such Roth 401(k) Contribution Account. The Plan will maintain a record of the amount of Roth 401(k) Contributions in each Participant's Roth 401(k) Contribution Account. Distributions from a Participant's Roth 401(k) Contribution Account (other than corrective distributions) are not includable in the Participant's gross income if the distribution is made after the Five Year Taxable Period and after the Participant's death, disability or age 59 1/2. Earnings on corrective distributions of Roth 401(k) Contribution are includable in a Participant's gross income in the same manner as earnings on corrective distributions of Before-Tax Contributions; however, corrective distributions of Roth 401(k) Contributions are not includable in the Participant's gross income.

2.58 **Roth Rollover Contribution** means the direct rollover from a Roth elective deferral account under an applicable retirement plan described in Code Section 402A(e)(1) and only to the extent the rollover is permitted under Code Section 402(c).

2.59 **Roth Rollover Contribution Account** means the account to which a Participant's Roth Rollover Contributions, if any, are allocated. The Plan will maintain a record of the amount of Roth Rollover Contributions in each Participant's Roth Rollover Contribution Account.

2.60 **Salaried Pension Plan** means the Air Products and Chemicals, Inc. Pension Plan for Salaried Employees, as amended from time to time.

2.61 **Severance from Service Date** occurs on the earlier of (i) the date on which an employee retires, voluntarily terminates, or is discharged from employment with an Employer and all Affiliated Companies or dies; or (ii) the first anniversary of the first date of a period in which an Employee remains absent from service (with or without pay) with the Employer and all Affiliated Companies for any reason other than voluntary termination, retirement, discharge, or death, such as vacation, holiday, sickness, disability, leave of absence, or layoff; provided that, in the case of an individual who is absent from work for maternity or paternity reasons, a Severance from Service Date shall not occur until the second anniversary of the date the individual begins such maternity or paternity leave. For purposes of the foregoing, an Employee's absence from work for maternity or paternity reasons means an absence (a) by reason of the pregnancy of the Employee, (b) by reason of the birth of a child of the Employee, (c) by reason of the placement of a child with the Employee in connection with the adoption of such child by such Employee, or (d) for purposes of caring for such child for a period beginning immediately following such birth or placement; provided that the Employee has provided to the Plan Administrator, in the form and manner prescribed by the Plan Administrator, information establishing (a) that the absence from work is for maternity or paternity reasons and (b) the number of days for which there was such an absence. Nothing in this Section shall be construed as expanding or amending any maternity or paternity leave policy of the Employer. Notwithstanding the above, an individual who is absent from work due to a leave of absence, whether or not for maternity or paternity reasons, who returns to work immediately following the leave of absence shall be deemed not to have a Severance from Service date.

2.62 **Trust Agreement** means the trust agreement referred to in Article IV, as the same may be amended from time to time.

2.63 **Trust Fund** means the assets held in trust for purposes of the Plan.

2.64 **Trustee** means such trustee or trustees as shall be appointed by the Investment Committee under the Trust Agreement.

2.65 **Unmatched Contributions** mean any Roth 401(k) Contributions which are not Matched Contributions, Before-Tax Contributions which are not Matched Contributions or Catch-up Contributions.

2.66 **Senior Vice President-Human Resources** shall mean the Senior Vice President, Human Resources of the Company, or any successor to that position.

2.67 **Years of Service** mean the service credited to a Participant for purposes of determining the amount of Company Core Contributions allocated to the Participant's account under Section 3.04. The following rules shall apply in calculating Years of Service under this Plan:

(a) An Employee shall be credited with a Year of Service for each 12 consecutive month period during the period beginning on the Employee's Employment Commencement Date and ending on the Employee's Severance from Service Date.

(b) If an Employee has a Severance from Service Date and after January 1, 2005 is rehired by the Employer as a salaried Employee or after February 1, 2011 is rehired by the Employer as a non-union hourly Employee, Years of Service prior to the Employee's Severance from Service Date shall not be taken into account as Years of Service. The Employee's date of reemployment shall be the Employee's Employment Commencement Date for purposes of (a) above.

(c) Notwithstanding the foregoing, an hourly employee who is receiving credited service in the Hourly Pension Plan and becomes a salaried Employee after January 1, 2005, or a salaried employee who is receiving credited service in the

Salaried Pension Plan and becomes a non-union hourly Employee after February 1, 2011 will be credited with Years of Service beginning with the date he or she first earned Credited Service under the Salaried Pension Plan or the Hourly Pension Plan, as applicable, but excluding any period when he or she was not employed by the Company or an Affiliated Company, and any period of active employment with respect to which service is not taken into account in calculating his or her Accrued Benefit under such Plan.

(d) Notwithstanding the foregoing, for periods of service prior to January 1, 2005, an Employee who was a Core Contribution Participant as of January 1, 2005, will be credited with Years of Service beginning with the date he or she first earned Credited Service under the Salaried Pension Plan or the Hourly Pension Plan, but excluding any period when he or she was not employed by the Company or an Affiliated Company, and any period with respect to which service is not taken into account in calculating his or her Accrued Benefit under such Plan as of January 1, 2005.

(e) An Employee who was an employee of E. I. du Pont de Nemours and Company ("DuPont") and who was hired by the Company in connection with the purchase of DuPont Air Products NanoMaterials L.L.C. on April 2, 2012, shall be credited with a Year of Service for each 12 consecutive month period during the period beginning on the Employee's service date with DuPont and ending on the Employee's Severance from Service Date.

(f) An Employee who was an employee of General Electric Company and who was hired by the Company in connection with the purchase of certain assets of General Electric Company on August 1, 2019, shall be credited with a Year of Service for each 12 consecutive month period during the period beginning on the Employee's service date with General Electric Company and ending on the Employee's Severance from Service Date.

2.68 **Years of Vesting Service** means the service credited to an Employee for purposes of determining the Employee's vested interest in the portion of his account attributable to Company Core Contributions and related investment earnings and

losses. The following rules shall apply in calculating Years of Vesting Service under this Plan:

(a) An Employee shall be credited with full and partial Years of Vesting Service for the period from the Employee's Employment Commencement Date to the Employee's Severance from Service Date and, if applicable, from the Employee's Reemployment Commencement Date to the Employee's subsequent Severance from Service Date; provided that, an Employee who is absent from work due to maternity or paternity leave as defined in subsection 2.61 immediately prior to their Severance from Service Date shall not be credited with Vesting Service for any period of such maternity or paternity leave that extends beyond the one year anniversary of the date the individual begins such maternity or paternity leave. Years of Vesting Service shall be calculated on the basis that 12 consecutive months of employment equal one year. For this purpose, partial Years of Vesting Service shall be aggregated.

(b) If an Employee retires, voluntarily terminates, or is discharged from employment with the Employer and all Affiliated Companies and is subsequently reemployed, the period commencing on the Employee's Severance from Service Date and ending on the reemployment date shall be taken into account, if such period is 12 months or less in duration; provided that, if an Employee retires, voluntarily terminates, or is discharged from employment with the Employer and all Affiliated Companies during a period when the Employee was absent for another reason and is subsequently reemployed, the period commencing on the Employee's Severance from Service Date and ending on the reemployment date shall be taken into account, but only if the reemployment date occurs within 12 months of the first date of absence.

(c) If an Employee is reemployed after incurring five consecutive Periods of Severance, and the Employee had never previously earned any vested benefits under the Plan, including Company Matching Contributions, Years of Vesting Service after such Periods of Severance shall not be taken into account for purposes of determining the vested interest in the portion of his account attributable to Company Core Contributions made before such Periods of Severance, and Years of Vesting

Service before such Periods of Severance shall not be taken into account for the purpose of determining the vested interest in the portion of his account attributable to Company Core Contributions made after such Periods of Severance.

(d) Years of Vesting Service shall include all periods described in paragraphs (a), and (b) above (including those periods during which the Employee was a leased employee within the meaning of section 414(n) or 414(o) of the Code) whether or not the Employee qualified as an Employee during those periods.

(e) An Employee who was an employee of DuPont and who was hired by the Company in connection with the purchase of DuPont Air Products NanoMaterials L.L.C. on April 2, 2012, shall be credited with full and partial Years of Vesting Service for the period from the Employee's service date with DuPont to the Employee's Severance from Service Date.

2.69 **Employer Discretionary Contribution**. Shall mean an employer discretionary contribution which is applicable to those Employees whose terms and conditions of employment are governed by the terms of the collective bargaining agreement. Such Employer Discretionary Contributions must be set forth in the documents governing the terms and conditions of employment and shall be set forth on Schedule II.

**ARTICLE III  
ELIGIBILITY, CONTRIBUTIONS, WITHDRAWALS, DISTRIBUTIONS,  
ROLLOVERS, AND PLAN-TO-PLAN TRANSFERS**

**3.01 Eligibility and Commencement of Participation.**

(a) An Employee shall be eligible to participate in the Plan upon meeting the requirements of (i) or (ii) as follows:

(i) An Employee shall be eligible to participate in the Plan upon completion of thirty (30) days of service after the date as of which the Employee is first scheduled or expected to be credited with one thousand (1,000) Hours of Service as an Employee during the next twelve (12)-month period. Such Employee will begin his participation as of the first complete pay period following the completion of such thirty (30) days of service if such Employee shall make an affirmative election to participate in accordance with procedures adopted by the Plan Administrator under Paragraph 3.02(a), (b), or (c) , or a Deemed Election pursuant to Paragraph 3.02(d). Notwithstanding the foregoing, a Core Contribution Participant shall be eligible to participate in benefits under Section 3.04 of the Plan on the later of the Retirement Program Change Effective Date or the date he becomes a Core Contribution Participant, provided that he is scheduled or expected to be credited with one thousand (1,000) Hours of Service during the next twelve (12)-month period.

(ii) An Employee who has not satisfied the service requirements of the preceding paragraph shall be eligible to participate in the Plan, upon such Employee's completion of 1,000 Hours of Service during an eligibility computation period. An eligibility computation period is the twelve (12) month period beginning on the Employee's Employment Commencement Date, or, in the event such Employee does not complete 1,000 Hours of Service in such twelve (12) month period, all Plan Years beginning after the first day of such twelve (12) month period. Such an Employee may begin his participation as of the first full pay period which includes the earlier of (i) the first day of the Plan Year which follows his satisfaction of the eligibility requirements in the preceding sentence, or (ii) the date which is six months after the

date on which he satisfied such eligibility requirements, if such Employee makes an affirmative election to participate in accordance with Paragraph 3.01(a)(i). A Core Contribution Participant who has not satisfied the service requirements of the preceding paragraph shall be eligible to participate in benefits under Section 3.04 of the Plan upon such Participant's completion of 1,000 Hours of Service during an eligibility computation period.

(iii) Employees who were former participants of the IGS Savings Plan shall be eligible to participate upon their becoming an Employee provided they make an affirmative election to participate in accordance with the procedures adopted by the Plan Administrator under subsection 3.02(a), (b), or (c) or a Deemed Election pursuant to subsection 3.02(d).

(iv) An Employee who was an employee of DuPont and who was hired by the Company in connection with the purchase of DuPont Air Products NanoMaterials L.L.C. on April 2, 2012, shall be eligible to participate in the Plan as soon as administratively possible upon his becoming an Employee provided he makes an affirmative election to participate in the Plan in accordance with the procedures adopted by the Plan Administrator under subsection 3.02(a), (b), or (c) or a Deemed Election pursuant to subsection 3.02(d).

(b) An Employee eligible to participate in the Plan shall remain eligible to participate (subject to the applicable suspension provisions of Sections 3.02, 3.07, and 3.08) for so long as he is an Employee. An Employee who terminates his employment with the Company and all Affiliated Companies after becoming eligible to participate in the Plan, or an Employee who otherwise ceases to be employed as an Employee, shall, upon reemployment by an Employer as an Employee, be eligible to participate in the Plan and may begin his participation as soon as administratively possible so long as an election is properly made as provided in Paragraph 3.02; except that such reemployed Core Contribution Participant shall be eligible to participate in Company Core Contributions as of the later of the Retirement Program Change Date or his Reemployment Commencement Date (or, if no Severance from Service has

occurred, the later of the Retirement Program Change Date or the date he once again meets the definition of Employee). An Employee who becomes represented by a collective bargaining agent will remain eligible to participate in the Plan until a collective bargaining agreement is executed by the Employer by which the Employee is employed and the bargaining agent and, subsequent thereto, will only remain eligible to participate in the Plan if the collective bargaining agreement so provides. An Employee who terminates employment with the Company and all Affiliated Companies prior to becoming eligible to participate in the Plan shall be treated as a new Employee for purposes of this Section 3.01 upon reemployment by an Employer.

(c) Notwithstanding any other provision of this Plan, the availability of Before-Tax Contributions, Roth 401(k) Contributions, Catch-up Contributions, Company Core Contributions and Company Matching Contributions shall not discriminate in favor of Highly Compensated Employees.

1.02 **Before-Tax, Roth 401(k) and Catch-up Contributions**. Each Employee shall commence participation in the Plan by making an election to make contributions to the Plan as described in (a), (b), (c), or (d) below (the "Deferral Election").

(a) **Before-Tax Contributions**. An Employee may make an election to reduce periodic installments of his Annual Salary otherwise payable for each succeeding pay period and direct the Employer to make a contribution to the Plan on his behalf in an amount equal to a whole number from 3 to 50 percent of such periodic installment of his Annual Salary (subject to the provisions of Section 3.07). The combined Before-Tax Contribution and Roth 401(k) Contribution cannot exceed the limitations under Code Section 402(g) or 50 percent of a Participant's periodic installment of Annual Salary.

(b) **Roth 401(k) Contributions**. An Employee may make an election to contribute an amount equal to a whole number from 3 to 50 percent of each such periodic installment of his Annual Salary (subject to the provisions of Section 3.07) to the Plan. The combined Before-Tax Contribution and Roth 401(k) Contribution cannot

exceed the limitations under Code Section 402(g) or 50 percent of a Participant's periodic installment of Annual Salary.

(c) **Catch-up Contributions.** Effective October 1, 2002, a Participant who attains age 50 by the end of the applicable calendar year and who has made Before-Tax Contributions or Roth 401(k) Contributions for the calendar year or Plan Year, as applicable, up to the lesser of the statutory limit described in Section 3.07(c)(i), the Plan limit described in Section 3.02(a), or, if such Participant is a Highly Compensated Employee, the highest amount of Before Tax Contributions or Roth 401(k) Contributions that can be retained in the Plan with respect to such Participant without violating the Average Deferral Percentage Test described in Section 3.07(b)(1), shall be eligible to make additional Before-Tax Contributions or Roth 401(k) Contributions to the Plan in the amount of \$5,000, which amount shall be adjusted pursuant to cost of living adjustments described in Code Section 414(v)(2)(c).

(d) **Deemed Election.** (i) Each salaried Employee who becomes eligible to participate in the Plan on or after the Retirement Program Change Effective Date, (ii) each hourly Employee who becomes eligible to participate in the Plan on and after October 1, 2007, and (iii) each Employee who is covered by a collective bargaining agreement on or after November 1, 2017 and the terms of such agreement provide for participation in the Plan, shall be considered to have directed the Employer to reduce his salary in order to make a Before-Tax Contribution in an amount equal to six (6) percent of each periodic installment of his Annual Salary (subject to the provisions of Section 3.07) on his behalf to the trust for the Plan established under the Trust Agreement unless such Employee files (or has filed) a Deferral Election with the Employer. Such Deemed Election shall be effective in accordance with procedures established by the Plan Administrator after written notice has been provided to the Employee.

(e) **Limits on Contributions.** Notwithstanding the foregoing, the maximum combined total of Roth 401(k) Contributions and Before-Tax Contributions being made by or on behalf of a Participant at any time may not exceed 50 percent of the Participant's installments of Annual Salary payable at the time, and Roth 401(k) Contributions and Before-Tax Contributions may be made only to the extent that such

Contributions to a Participant's account for any Plan Year do not cause the limitations on Annual Additions to a Participant's account as set forth in Section 3.14 to be exceeded.

(f) **Election Changes**. An Employee may, by giving notice to the Plan Administrator, change his Deferral Election, including a Deemed Election, and direct the Employer to reduce or contribute, as the case may be, different permitted percentages of his periodic installments of Annual Salary, effective as soon as administratively practicable thereafter. In the event of a change in Annual Salary, the Employee's then current contribution percentage shall automatically be applied to the new Annual Salary, as soon as administratively practicable thereafter.

(g) **Suspension of Elections**. An Employee may, by notice to the Plan Administrator, initiate a suspension of his Deferral Election beginning as soon as administratively practicable thereafter. In addition, suspension shall be automatic as of the first pay in which a Participant ceases to be an Employee. In the event the participant initiates the suspension, the Participant may elect to resume his Deferral Election in accordance with the provisions of Section 3.01 effective as soon as administratively practicable thereafter, provided that he is an Employee as of the date when the Deferral Election resumes.

(h) **Termination of Elections**. Subsequent to a Distribution Event, the Participant shall have no right to continue making contributions to the Plan, but shall have the right to redirect the investment of the amounts in his accounts in accordance with Section 4.03 and to change or revoke his written designation of Beneficiary in accordance with Section 5.02.

(i) **Administrative Rules**. The Plan Administrator may from time to time establish such rules and procedures for determining and adjusting the percentages of Annual Salary subject to Deferral Elections as the Plan Administrator shall in his sole discretion deem to be necessary or desirable for the administration of the Plan in accordance with the Code and ERISA, including, without limitation, rules and procedures establishing limitations on the frequency with which all or certain Participants may alter the percentage of their Annual Salary which are subject to

Deferral Elections and rules and procedures allowing for the contributions of a specified dollar amount of Before-Tax Contributions, Roth 401(k) Contributions or Catch-Up Contributions in lieu of fixed whole percentage. Notwithstanding any provision in the Plan to the contrary, solely with respect to a Participant in the Air Products Deferred Compensation Plan, the Plan Administrator may from time to time adjust the percentage of Annual Salary Deferral Elections as the Plan Administrator shall in his sole discretion deem to be necessary or desirable for the administration of both the Plan and the Air Products Deferred Compensation Plan.

(j) **Vesting**. A Participant shall have a fully vested, nonforfeitable right to any benefits derived from Before-Tax Contributions, Roth 401(k) Contributions, After-Tax Contributions and Catch-up Contributions made under this Section 3.02.

3.03 **Company Matching Contributions**. The Employer shall make Company Matching Contributions to the Plan on behalf of each Participant who is eligible to receive a Company Matching Contribution as soon as administratively practicable after each pay date equal to fifty percent (50) of the first six (6) percent of a Participant's Annual Salary that is deferred to the Plan as Before-Tax Contributions or Roth 401(k) Contributions excluding Catch Up Contributions.

(a) **Form of Company Matching Contribution**. A Company Matching Contribution will be made to the Trustee at least annually, but (unless the Company determines otherwise) only out of the Employer's current or accumulated earnings and profits, and may be made in whole or in part in cash or Company Stock. Company Matching Contributions to be made in Company Stock shall be valued for such purpose at the Fair Market Value on the last Business Day of the period for which the Company Matching Contribution is made. If the Company shall not have taken action to discontinue the Plan in accordance with the provisions of Section 7.01 prior to the end of any Plan Year, the Employer's Company Matching Contribution for such Plan Year shall become a fixed obligation as of the end of such Plan Year to the extent of the Employer's current or accumulated earnings and profits.

(b) **Reconciliation of Company Matching Contribution.**

Effective December 31, 2021, on an annual basis, the Employer shall ensure that for Participants who are employed by the Company on the last day of the Plan Year, the Participant's Company Matching Contribution is equal to the maximum contribution the Participant would receive under the Company Matching Formula for the calendar year based upon the Participant's Before-Tax and Roth 401(k) Contributions for the entire calendar year. The Employer shall make the appropriate Matching Contribution to the Plan.

(c) **Limits on Company Matching Contributions.** Notwithstanding the foregoing, no Company Matching Contribution shall be made for the account of any Participant to the extent that such Company Matching Contribution, after the adjustments provided for in the following sentence, would violate the Actual Contribution Percentage Test, as described in Section 3.07. Any corrective actions taken to avoid such violations shall be performed in accordance with Section 3.07.

(d) **Vesting.** A Participant shall have a fully vested, nonforfeitable right to any benefits derived from Company Matching Contributions, subject to the forfeiture provisions of Section 3.07 and Paragraph 3.14(c).

(e) **Collectively Bargained Employees.** A Participant whose terms and conditions of employment are covered by a collective bargaining agreement shall not be entitled to receive a Matching Contribution unless the terms and conditions of such agreement provide for a Company Matching Contribution.

3.04 **Company Core Contributions.** Effective as of the Retirement Program Change Effective Date, each Core Contribution Participant shall receive Company Core Contributions from the Employer in accordance with the following provisions:

(a) **Formula.** For Company Core Contributions prior to January 1, 2022, the Employer shall allocate a Company Core Contribution at least annually to the account of each eligible Participant whose terms and conditions of employment are not

subject to the terms and conditions of a collective bargaining agreement at any time during the Plan Year in accordance with the following schedule:

<b>Years of Service</b>	<b>Amount of Company Core Contributions</b>
Less than 10 Years of Service	4% of Annual Salary
10-19 Years of Service	5% of Annual Salary
20 or more Years of Service	6% of Annual Salary

(b) For Company Core Contributions after January 1, 2022, the Employer shall allocate a Company Core Contribution at least annually to the account of each eligible Participant whose terms and conditions of employment are not subject to the terms and conditions of a collective bargaining agreement at any time during the Plan Year in accordance with the following schedule:

<b>Years of Service</b>	<b>Amount of Company Core Contributions</b>
Less than 10 Years of Service	5% of Annual Salary
10-19 Years of Service	6% of Annual Salary
20 or more Years of Service	7% of Annual Salary

(c) Notwithstanding the foregoing, Annual Salary for purposes of determining the amount of Company Core Contributions under (a) or (b), above, shall not include any Annual Salary earned by a Participant before the Participant became eligible to receive Company Core Contributions.

(d) **Collectively Bargained Employees.** A Participant whose terms and conditions of employment are covered by a collective bargaining agreement shall not be entitled to receive a Company Core Contribution unless the terms and conditions of such agreement provide for a Company Core Contribution. The terms and conditions of such agreement shall also provide for the amount of such Company Core Contribution.

3.05 **Company Core Contribution Vesting Rules.** A Participant's Company Core Contributions and related investment earnings and losses shall be subject to the following vesting rules:

(a) **Vesting Schedule.** Effective on and after October 1, 2007, a Participant who is an Employee shall have a vested, nonforfeitable right to the portion of a Participant's account attributable to Company Core Contributions, including any related investment earnings and losses, according to the following vesting schedule, or, if earlier, after attaining Normal Retirement Age while employed by the Employer or an Affiliated Company:

<b>Years of Vesting Service</b>	<b>Percent Vested</b>
Less than 1	0%
1	20%
2	40%
3	60%
4	80%
5	100%

Prior to October 1, 2007, a Participant who is an Employee would have a fully vested, nonforfeitable right to the portion of a Participant's account attributable to Company Core Contributions, including any related investment earnings and losses,

after completing at least 5 Years of Vesting Service, or, if earlier, after attaining Normal Retirement Age while employed by the Employer or an Affiliated Company.

Effective September 30, 2016, a Participant who was an Employee of Versum Materials, US LLC on September 30, 2016 shall have a vested, nonforfeitable right to the portion of the Participant's account attributable to Company Core Contributions, including any related investment earnings and losses.

Effective the later of January 3, 2017 or the Closing, in the case of a Participant who prior to the Closing as defined in the Purchase Agreement by and between Air Products and Chemicals, Inc., and Evonik Industries AG Dated as of May 6, 2016 (the "Evonik Agreement") was employed by the Company's PMD Business as that term is defined in the Evonik Agreement and who upon the Closing will become an employee of Evonik Industries AG or one of its affiliates, such Participant shall have a vested, nonforfeitable right to the portion of the Participant's account attributable to Company Core Contributions, including any related investment earnings and losses.

Effective January 1, 2018, a Participant shall have a vested, nonforfeitable right to the portion of the Participant's account attributable to Company Core Contributions, including any related investment earnings and losses. The Vesting Schedule as detailed above will no longer be applicable to any Participant.

(b) **Forfeitures.**

(i) If a Participant is not fully vested in Company Core Contributions as described in (a) above at the time he incurs a Severance from Service Date, the unvested portion of the Participant's account attributable to Company Core Contributions and related investment earnings and losses shall be forfeited as of the earlier of:

(A) the date on which he receives a distribution of his entire vested interest in his account; or

(B) the date on which he incurs five consecutive Periods of Severance.

(ii) A Participant who has no portion of his account attributable to Company Matching Contributions, Participant Before-Tax Contributions or Roth 401(k) Contributions and whose vested interest in the portion of his account attributable to Company Core Contributions is zero shall be deemed to have received a distribution of his account as of his Severance from Service Date.

(iii) If a Participant is rehired by the Employer or an Affiliated Company before incurring five consecutive Periods of Severance, any amount forfeited under subsections (i) or (ii) shall be restored to his account as soon as administratively practicable. Such restoration shall be made from currently forfeited amounts in accordance with subsection (iv), or from additional contributions by the Employer and shall be invested in the Qualified Default Investment Alternative.

(iv) Amounts forfeited shall be used to first restore future amounts required to be restored in accordance with subsection (iii) with respect to the Plan Year. After such restoration, if any, is made, such amounts shall be used to reduce future Company Core Contributions and Company Matching Contributions made by the Employer by which the former Participant was employed, or to defray administrative costs of the Plan as determined by the Company.

(v) Notwithstanding anything in the Plan to the contrary, in the event a portion of a Participant's account is forfeited in accordance with Section 3.05(b), the portion of a Participant's account attributable to the Company Stock Fund may only be forfeited after all other available assets under the Plan have been forfeited.

(vi) Effective January 1, 2018, a Participant shall have a vested, nonforfeitable right to the portion of the Participant's account attributable to Company Core Contributions, including any related investment earnings and losses.

3.06 **Timing of Contributions.** Before-Tax, Roth 401(k) and Catch-up Contributions shall be transferred to the Trustee as soon as practicable following the date on which the Participant's pay is reduced by the amount of the contribution. Company Matching Contributions and Company Core Contributions shall be transferred to the Trustee at least annually, but in all cases no later than the last date on which amounts so paid may be deducted for federal income tax purposes for the taxable year of the Employer in which the Plan Year ends.

3.07 **Nondiscrimination Limitations and Corrective Measures.**

(a) For purposes of this Section 3.07, the following terms shall have the meanings indicated below:

(i) **Actual Contribution Percentage.** The Actual Contribution Percentages for a Plan Year for the group of all Highly Compensated Employees and for the group of all Nonhighly Compensated Employees respectively are the averages, calculated to the nearest one-hundredth of a percentage point (.01%), of the ratios, calculated separately to the nearest one-hundredth of a percentage point (.01%) for each Employee in the respective group, of the amount of Company Matching Contributions and After Tax Contributions (and any Qualified Non-Elective Contribution made under Paragraph 3.07(c)(x) for purposes of satisfying the Actual Contribution Percentage Test) made to the Plan on behalf of each such Employee for such Plan Year, to the Employee's Compensation for such Plan Year, whether or not the Employee was a Participant for the entire Plan Year. The Actual Contribution Percentage calculation may include Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, so long as: (A) the Actual Deferral Percentage Test is met before such Before-Tax Contributions and Roth 401(k) Contributions are used in the Actual Contribution Percentage Test, and continues to be met following the exclusion of

those Before-Tax Contributions and Roth 401(k) Contributions that are used to meet the Actual Contribution Percentage Test and (B) the requirements of Treasury Regulation §1.401(m)-1(b)(5) are satisfied. For purposes of determining the Actual Contribution Percentage, only those Employees who are eligible to elect After Tax Contributions or to receive Company Matching Contributions for all or a portion of the applicable Plan Year, or who would be so eligible absent a suspension in accordance with the terms of the Plan, are taken into account; any such Employee who would be a Participant if such Employee made an After Tax Contribution or had a Before-Tax Contribution or Roth 401(k) Contribution made on his behalf shall be treated as an eligible Employee on behalf of whom no After Tax Contributions or Company Matching Contributions are made.

For purposes of this Section, and except as otherwise provided in Treasury regulations, if the Plan and any other plan are aggregated for purposes of Code Section 410(b) (other than for purposes of the average benefit percentage test), such plans (including the Plan) shall be treated as one (1) plan for purposes of calculating the Actual Contribution Percentage. Except as otherwise provided in Treasury regulations, if any Highly Compensated Employee who is a Participant in this Plan also participates in any other plan of the Employer to which employee or matching contributions are made, all such plans (including the Plan) shall be treated as one (1) plan with respect to such Participant.

(ii) **Actual Contribution Percentage Test** means the test described in Paragraph 3.07(b)(ii).

(iii) **Actual Deferral Percentage**. The Actual Deferral Percentages for a Plan Year for the group of all Highly Compensated Employees and for the group of all Non-highly Compensated Employees respectively are the averages, calculated to the nearest one-hundredth of a percentage point (.01%), of the ratios, calculated separately to the nearest one-hundredth of a percentage point (.01%) for each Employee in the respective group, of the amount of Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions (and Qualified Non-

Elective Contributions made under Paragraph 3.07(c)(x) for purposes of satisfying the Actual Deferral Percentage Test), paid under the Plan on behalf of each such Employee for such Plan Year, including Excess Deferrals, to the Employee's Compensation for such Plan Year (whether or not the Employee was a Participant for the entire Plan Year) but excluding Before-Tax Contributions and Roth 401(k) Contributions that are taken into account in the Actual Contribution Percentage Test. Only those Employees who are eligible to elect Before-Tax Contributions or Roth 401(k) Contributions for all or a portion of the applicable Plan Year, or who would be so eligible absent a suspension in accordance with the terms of the Plan, are taken into account; any such Employee who would be a Participant but for the failure to have Before-Tax Contributions or Roth 401(k) Contributions made on his behalf shall be treated as an eligible Employee on whose behalf no Before-Tax Contributions or Roth 401(k) Contributions are made.

For purposes of this Section and except as otherwise provided in Treasury regulations, if the Plan and any other plan which includes a cash or deferred arrangement (within the meaning of Code Section 401(k)) are aggregated for purposes of Code Section 410(b) (other than for purposes of the average benefit percentage test), the cash or deferred arrangements in such plans (including the Plan) shall be treated as one (1) plan for purposes of calculating the Actual Deferral Percentage. Except as otherwise provided in Treasury regulations, if any Highly Compensated Employee who is a Participant in this Plan also participates in any other cash or deferred arrangement (within the meaning of Code Section 401(k)) of the Company or an Affiliated Company, all such cash or deferred arrangements (including under the Plan) shall be treated as one (1) cash or deferred arrangement with respect to such Participant.

(iv) **Actual Deferral Percentage Test** means the test described in Paragraph 3.07(b)(i).

(v) **Compensation** shall mean, except as otherwise provided in the definition of "Highly Compensated Employee", a definition of compensation which satisfies Code Section 414(s) and regulations thereunder, and which is consistently used in any one Plan Year for purposes of this Section 3.07.

(vi) **Excess Aggregate Contributions** mean, with respect to any Highly Compensated Employee for a Plan Year, the excess of:

(A) The total After Tax Contributions and Company Matching Contributions (and, where applicable, Before-Tax Contributions and Roth 401(k) Contributions, taken into account under the Actual Contribution Percentage Test) made on behalf of such Highly Compensated Employee taken into account in computing the Actual Contribution Percentage for such Plan Year, over

(B) The maximum amount of After Tax Contributions and Company Matching Contributions (and, where applicable, Before-Tax Contributions and Roth 401(k) Contributions, taken into account under the Actual Contribution Percentage Test) on behalf of such Highly Compensated Employee which are permitted by the Actual Contribution Percentage Test.

(vii) **Excess Contributions** mean, with respect to any Highly Compensated Employee for a Plan Year, the excess of:

(A) The total Before-Tax Contributions and Roth 401(k) Contributions made on behalf of such Highly Compensated Employee taken into account in computing the Actual Deferral Percentage of Highly Compensated Employees for such Plan Year, over

(B) The maximum amount of such Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, on behalf of such Highly Compensated Employee which are permitted by the Actual Deferral Percentage Test.

(viii) **Excess Deferrals** mean the Before-Tax Contributions and Roth 401(k) Contributions that are includible in a Participant's gross income because they have exceeded the dollar limitation contained in Code Section 402(g).

(ix) **Highly Compensated Employee** means any Employee who performs service for the Company or an Affiliated Company during the determination

year (as defined below) and who was: (A) a Five-Percent Owner at any time during the current or preceding Plan Year, or (B) for the preceding Plan Year had Compensation from the Employer or an Affiliated Company in excess of \$115,000 (as adjusted pursuant to Code Section 414(q)). At the election of the Plan Administrator and, as provided for in Exhibit III, in a manner consistent with Code Section 414(q) and any regulations or other IRS pronouncements thereunder, clause (B) in the preceding sentence can be limited to those Employees who are in the top twenty percent (20%) of Employees ranked on the basis of compensation for such look-back year. At the election of the Plan Administrator, as provided for in Exhibit III, Compensation for the purpose of this Paragraph 3.07(a)(ix) may be determined on the basis of a calendar year, rather than the Plan Year.

(x) To the extent required by applicable law "Highly Compensated Employee" shall also include a highly compensated former employee, which is any employee who separated from service prior to the current Plan Year and who was either a Highly Compensated Employee in any determination year ending on or after the Employee's attainment of age fifty five (55).

For purposes of this definition, Compensation is as defined in Code Section 415(c)(3).

(xi) **Nonhighly Compensated Employee** means any employee who is not a Highly Compensated Employee.

(xii) **Qualified Non-Elective Contributions** mean contributions made by the Company described in Paragraph 3.07(c)(x).

(xiii) **Five Percent Owner** means an Employee who shall be considered to be a Five Percent Owner for any Plan Year if at any time during such year such Employee was a five percent owner of the Employer, determined in accordance with the rules of Code Section 416(i)(1).

(b) **Nondiscrimination Tests.**

(i) **Actual Deferral Percentage Test.** Notwithstanding any provision herein to the contrary, the Actual Deferral Percentage for the group of all eligible Highly Compensated Employees for each Plan Year must not exceed the greater of:

(A) the Actual Deferral Percentage for the previous Plan Year for the group of all eligible Nonhighly Compensated Employees multiplied by 1.25; or

(B) the Actual Deferral Percentage for the previous Plan Year of such group of Nonhighly Compensated Employees multiplied by 2.0, but in no event more than two (2) percentage points greater than the Actual Deferral Percentage for the previous Plan Year of such group of Nonhighly Compensated Employees.

The Senior Vice President - Human Resources, by written notice to the Plan Administrator may elect to entirely exclude from the Actual Deferral Percentage test those Employees who could be excluded from participation under the minimum age and service requirements of Code Section 410(a)(1)(A) ("early participation employees"), other than those early participation employees who are Highly Compensated Employees, to the extent permitted under Code Section 401(k)(3)(F). Any such election shall be reflected in Exhibit III.

The Actual Deferral Percentage test set forth in this Paragraph 3.07(b)(i) shall be performed in accordance with Code Section 401(k), the regulations thereunder, and any related IRS pronouncements, including IRS Notice 98-1 to the extent applicable. The Actual Deferral Percentage test set forth in this Paragraph 3.07(b)(i) may be performed with current year Non-Highly Compensated Employee data, rather than prior year data, if so elected by the Employer. Any such election shall be made by the Senior Vice-President - Human Resources and shall be reflected in Exhibit III.

(ii) **Actual Contribution Percentage Test.** Notwithstanding any provision herein to the contrary, the Actual Contribution Percentage for the group of

all eligible Highly Compensated Employees for each Plan Year must not exceed the greater of:

(A) The Actual Contribution Percentage for the previous Plan Year for the group of all eligible Nonhighly Compensated Employees multiplied by 1.25; or

(B) The Actual Contribution Percentage for the previous Plan Year of such group of Nonhighly Compensated Employees multiplied by 2.0, but in no event more than two (2) percentage points greater than the Actual Contribution Percentage for the previous Plan Year of such group of Nonhighly Compensated Employees.

The Senior Vice President - Human Resources, by written notice to the Plan Administrator may elect to entirely exclude from the Actual Contribution Percentage Test those Employees who could be excluded from participation under the minimum age and service requirements of Code Section 410(a)(1)(A) ("early participation employees"), other than those early participation employees who are Highly Compensated Employees, to the extent permitted under Code Section 401(m)(5)(C). Any such election shall be reflected in Exhibit III.

The Actual Contribution Percentage test set forth in this Paragraph 3.07(b)(ii) shall be performed in accordance with Code Section 401(m), the regulations thereunder, and any related IRS pronouncements, including IRS Notice 98-1 to the extent applicable. The Actual Contribution Percentage test set forth in this Paragraph 3.07(b)(ii) may be performed with current year Non-Highly Compensated Employee data, rather than prior year data, if so elected by the Employer. Any such election shall be made by the Senior Vice President - Human Resources and shall be reflected in Exhibit III.

(iii) For purposes of Paragraph 3.07(b), a Participant is a Highly Compensated Employee for a particular Plan Year if he or she satisfies the definition of a Highly Compensated Employee in effect for that Plan Year. Similarly, a Participant is a

Nonhighly Compensated Employee for a particular Plan Year if he or she does not satisfy the definition of a Highly Compensated Employee in effect for that Plan Year.

(c) Notwithstanding any other provision of the Plan to the contrary, the percentages of Annual Salary specified by a Participant in his Deferral Election shall be subject to adjustment or other corrective measures by the Plan Administrator at any time and from time to time as follows:

(i) Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, shall not be accepted with respect to any Participant for a calendar year to the extent such Before-Tax Contributions and Roth 401(k) Contributions, together with any other elective contributions of the Participant to a plan maintained by the Company or an Affiliated Company, exceed \$9,500 (as adjusted in accordance with Code Section 402(g)); accordingly, the Plan Administrator shall adjust downward the percentage of Annual Salary specified by a Participant in his Deferral Election to be contributed to the Plan as Before-Tax Contributions and Roth 401(k) Contributions, as may be necessary to prevent such Excess Deferrals.

(ii) Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, for any Plan Year must satisfy the Actual Deferral Percentage Test; accordingly, the Plan Administrator shall adjust downward the percentage of Annual Salary specified by a Participant in his Deferral Election, to the extent which the Plan Administrator in his sole discretion determines is necessary to maintain the Plan's compliance with the Average Deferral Percentage Test.

(iii) After Tax Contributions and Company Matching Contributions for any Plan Year must satisfy the Actual Contribution Percentage Test (after taking into account any Before-Tax Contributions and Roth 401(k) Contributions included in such test pursuant to Paragraph 3.07(a)(i)); accordingly, the Plan Administrator shall adjust downward the percentage of Annual Salary specified by a Participant in his Deferral Election to the extent which the Plan Administrator in his sole discretion determines is necessary to maintain the Plan's compliance with the Actual Contribution Percentage Test.

(iv) When a downward adjustment has been made pursuant to Paragraph (i), (ii), or (iii) above, the Plan Administrator may thereafter adjust any such percentage upward to bring it up to or closer to the percentage specified in the Participant's most recent Deferral Election whenever the Plan Administrator determines that such an upward adjustment can be made without exceeding the limits described in Paragraph (i), (ii), or (iii). In the event of such upward adjustment, each affected Participant shall be given the opportunity to affirmatively elect to have such higher percentage apply to him.

(v) Any downward or upward adjustment in the percentage of Annual Salary specified by a Participant in his Deferral Election to be contributed to the Plan as Before-Tax Contributions and Roth 401(k) Contributions other than Catch-up Contributions shall, with the Participant's consent and unless the Plan Administrator directs otherwise, result in a corresponding increase or decrease, if the Participant is eligible, to Catch-up Contributions.

(vi) If, after application of the above provisions of Paragraph 3.07(c), Excess Deferrals are made to the Plan, such Excess Deferrals shall be re-characterized as Catch-up Contributions to the extent that a Participant who is eligible to make Catch-up Contributions has not reached the applicable Catch-up Contribution limit for the calendar year described in Section 3.02(c). Any Excess Deferrals remaining after application of the preceding sentence shall be returned to the Participant with earnings through the end of the calendar year in accordance with Treasury Regulation §1.402(g)-1, no later than April 15 following the close of the calendar year in which such contributions were made. Distributions shall first be made from Unmatched Contributions, excluding Catch-up Contributions, then from Matched Contributions. The return of any Matched Contributions shall be accompanied by a forfeiture of the related Company Matching Contributions and any income attributable thereto. Such forfeited amounts shall be held by the Trustee in a suspense account and applied towards subsequent Company Matching Contributions.

(vii) After the close of a calendar year, but no later than the last Business Day before April 15 (or such earlier date required by Treasury regulations) following such calendar year, a Participant who was also a participant in another plan to which the limitation on deferrals described in Code Section 402(g) applies may notify the Plan Administrator that the Participant has had deferrals contributed to the Plan and such other plan in excess of such limitation for such preceding calendar year and shall inform the Plan Administrator of the amount of such Excess Deferrals. Such Participant may request a distribution of such Excess Deferrals. Such Excess Deferrals shall first be re-characterized as Catch-up Contributions to the extent that a Participant who is eligible to make Catch-up Contributions has not reached the applicable Catch-up Contribution limit for the calendar year described in Section 3.02(c). Any Excess Deferrals remaining after application of the preceding sentence shall be distributed with the earnings attributable thereto through the end of the calendar year in accordance with Treasury Regulation §1.402(g)-1 no later than the April 15 following such notification. Distributions shall first be made from Unmatched Contributions, excluding Catch-up Contributions, and the return of any Matched Contributions shall be accompanied by a forfeiture of the related Company Matching Contributions and any income attributable thereto. Such forfeited amounts shall be held by the Trustee in a suspense account and applied towards subsequent Company Matching Contributions.

(viii) If, after application of the above provisions of Paragraph 3.07(c), Excess Contributions are made to the Plan, such Excess Contributions shall be re-characterized as Catch-up Contributions to the extent that a Participant who is eligible to make Catch-up Contributions has not reached the applicable Catch-up Contribution limit for the calendar year described in Section 3.02(c). Any Excess Contributions and the earnings attributable thereto through the end of the calendar year remaining after application of the preceding sentence shall be distributed to Highly Compensated Employees making such Excess Contributions no later than December 15 following the close of such Plan Year. The Highly Compensated Employee with the largest amounts of Before-Tax Contributions and Roth 401(k) Contributions shall have his Before-Tax Contributions and Roth 401(k) Contributions,

excluding Catch-up Contributions, reduced to the greater of: (A) the highest dollar amount of Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, that can be made without violating the limit of Paragraph 3.07(b)(i), or (B) the next highest dollar amount of Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, of any other Highly Compensated Employee. Such process is repeated until Paragraph 3.07 (b)(i) is satisfied in accordance with Treasury Regulation §1.401(k)-1(f)(4)(ii). Distributions shall first be made from Unmatched Contributions, excluding Catch-up Contributions, then from Matched Contributions. The return of any Matched Contributions shall be accompanied by a forfeiture of the related Company Matching Contributions and any income attributable thereto. Such forfeited amounts shall be held by the Trustee in a suspense account and applied towards subsequent Company Matching Contributions.

(ix) If, after application of the above provisions of Paragraph 3.07(b)(ii), Excess Aggregate Contributions are made to the Plan, such Excess Aggregate Contributions shall be re-characterized as Catch-up Contributions to the extent that a Participant who is eligible to make Catch-up Contributions has not reached the applicable Catch-up Contribution limit for the calendar year described in Section 3.02(c). Any Excess Aggregate Contributions and the earnings attributable thereto through the end of the calendar year remaining after application of the preceding sentence shall be distributed to Highly Compensated Employees making such Excess Aggregate Contributions no later than December 15 following the close of the Plan Year. The Highly Compensated Employee with the largest amounts of contributions taken into account in computing the Actual Contribution Percentage Test ("ACP contributions") shall have his ACP contributions reduced to the greater of: (A) the highest dollar amount of ACP contributions that can be made without violating the limit of Paragraph 3.07(b)(ii), or (B) the next highest dollar amount of ACP contributions of any other Highly Compensated Employee. Such process is repeated until Paragraph 3.07(b)(ii) is satisfied in accordance with Treasury Regulation §1.401(m)-1(e)(3)(iv).

(x) Notwithstanding any other provision of this Section 3.07 or of the Plan to the contrary, the Employer may, by action of the Company, determine to make a special Employer contribution (a “Qualified Non-Elective Contribution”) to the Plan for the account of certain Participants who are Nonhighly Compensated Employees in order to maintain the Plan's compliance with the non-discrimination requirements of Code Sections 401(k) and 401(m) and in lieu of (or in combination with) making the adjustment in the percentage of Annual Salary specified by Participants in their Deferral Elections or returning Contributions as provided in this Section 3.07. Any such Qualified Non-Elective Contribution shall be in such amount as is determined by the Company and will be allocated as determined by the Company to the individual accounts of Participants who are Nonhighly Compensated Employees and who actively contributed to the Plan during, and are Employees at the end of, the Plan Year for which such contribution is made. Any such Qualified Non-Elective Contribution shall be nonforfeitable and shall be treated for all purposes as a Before-Tax Contribution under the Plan, including for purposes of the limitations on distribution described in this Article 3, except that such contribution shall not be applied against or counted for purposes of determining compliance with the percent limitation on Before-Tax Contributions in Section 3.02, the combined percent limitation on Before-Tax Contributions and Roth 401(k) Contributions contained in Section 3.02, or the limitation on Before-Tax Contributions and Roth 401(k) Contributions contained in this Section 3.07. Any such Qualified Non-Elective Contribution shall be made to the Trustee no later than the last day of the Plan Year next succeeding the Plan Year for which the contribution is made, and may be made in whole or in part in cash or in shares of Company Stock. Payment of any such Qualified Non-Elective Contribution (whether in the form of cash or Company Stock) for a Plan Year which is made by the Employer after the close of such Plan Year shall be treated by the Plan in the same manner as if it were received on or before the last day of such Plan Year.

**3.08 In- Service Withdrawals by Participants of After-Tax Contributions, Rollover Contributions, Company Matching Contributions, Before-Tax and Catch-up Contributions and Roth 401(k) Contributions.**

The following Section 3.08 shall

apply with respect to a Participant who has not separated from service with the Employer.

(a) **Age 59 ½ Withdrawal.** Upon attainment of age 59 ½ and upon application to the Trustee, a Participant may withdraw all available amounts credited to any After-Tax Contributions account, to any Rollover Contributions Account, to any Company Matching Contributions Account, or to any Before-Tax Contributions Account. The Participant may also withdraw all available amounts credited to any Roth 401(k) Contribution Account or Roth Rollover Account. The Plan Administrator shall withdraw the amount requested first from all available funds in any After-Tax Contributions account, second from all available funds in any Rollover Contributions Account, third from all available funds in any Company Matching Contributions Account, fourth from all available funds in any Before-Tax Contributions Account or Roth 401(k) Contribution Account, and finally from all available funds in his Roth Rollover Account.

(i) An individual who attains age 59 ½ may take such Age 59 ½ Withdrawal once during each 12 month period. Any individual who attains age 59 ½ and who takes such Age 59 ½ Withdrawal during a twelve month period, if applicable, remains eligible to take an additional distribution pursuant to Section 3.08(b),(c),(d), and (e) during such 12 month period.

(ii) An individual who takes an Age 59 ½ Withdrawal shall not have his election to make Before-Tax Contributions or Roth 401(k) Contributions, including Catch-up Contributions, be affected by such withdrawal.

(b) **Hardship Withdrawal.** Upon application to the Trustee, a Participant who qualifies for a hardship withdrawal may withdraw all available amounts credited to any After-Tax Contributions account, to any Rollover Contributions Account, any Roth Rollover Contribution Account, to any Company Matching Contributions Account or to any Before-Tax Contributions Account or Roth 401(k) Contribution Account. The Plan Administrator shall withdraw the amount requested first from all available funds in any After-Tax Contributions account, second from all available funds in any Rollover Contributions Account, third from all available funds in any Company Matching Contributions Account, fourth from all available funds in any Before-Tax

Contributions Account or any Roth 401(k) Contribution Account, and finally from all available funds in the Roth Rollover Contributions Account

(i) A withdrawal will be deemed to constitute a hardship withdrawal if: (1) the Participant has an immediate and heavy financial need; and (2) a distribution from the Plan is necessary to meet that need. A Participant will be treated as having an immediate and heavy financial need only if the funds are required to cover one of the following:

(A) Expenses for medical care described in Code Section 213(d) previously incurred by the Participant or the Participant's spouse or dependents (as defined in Code Section 152) or necessary for these persons to obtain such medical care, or, effective October 1, 2007, expenses for medical care previously incurred by a primary Beneficiary of the Participant or expenses necessary for a primary Beneficiary to obtain such medical care;

(B) Costs directly related to the purchase (excluding mortgage payments) of a principal residence for the Participant;

(C) Post-secondary education tuition, related educational fees, and room and board expenses for the Participant or the Participant's spouse, children, or other dependents (as defined in Code Section 152) for the next twelve (12) months, or, effective October 1, 2007, such fees and expenses for a primary Beneficiary of the Participant for the next twelve (12) months;

(D) Payment of amounts necessary to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of the Participant's principal residence;

(E) Effective October 1, 2006, payments for funeral or burial expenses for a deceased parent, spouse, child or dependent, and effective October 1, 2007, such payments for a primary Beneficiary of the Participant;

(F) Effective October 1, 2006, repair to a principal residence for damage that would qualify for the casualty deduction under Code Section 165 (determined without regard to whether the loss exceeds 10 percent of adjusted gross income); or

(G) Effective January 1, 2020, expenses and losses (including loss of income) incurred by a Participant on account of a disaster declared by the Federal Emergency Management Agency (FEMA) under the Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 100-707, provided that the Participant's principal residence or principal place of employment at the time of the disaster was located in an area designated by FEMA for individual assistance with respect to the disaster; or

(H) Any other purposes for which the Internal Revenue Service specifically determines, under the authority given to it under Treasury Regulation §1.401(k)-1(d)(3)(v), that such circumstances constitute an immediate and heavy financial need.

(ii) For the purposes of this section, a "primary Beneficiary" is an individual who is named as a Beneficiary under the Plan and has an unconditional right to all or a portion of the Participant's account balance under the Plan upon the death of the Participant.

(iii) If an immediate and heavy financial need is deemed to exist, a distribution from the Plan will be deemed necessary to meet such need if, and only if, the following conditions are met:

(A) the distribution is not in excess of the amount of the immediate and heavy financial need of the Participant, including amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the distribution;

(B) the Participant has obtained all distributions, other than hardship distributions. To be eligible for a hardship distribution, a Participant is not required to take a plan loan from any plan maintained by the Company or an Affiliated Company.

(iv) No hardship withdrawal of earnings on Before-Tax, Roth 401(k) Contributions, or Catch-up Contributions shall be permitted to the extent that such earnings are attributable to periods after December 31, 1988.

(c) **Qualified Reservist Distribution**. Upon application to the Trustee, a Participant who meets the requirements of Code Section 72(t)(2)(G)(iii) may withdraw all or a portion of the amounts available in any Before-Tax Contributions Account or Roth 401(k) Contributions Account. Any individual who meets the requirements to receive a Qualified Reservist Distribution and who takes such Qualified Reservist Distribution during a twelve month period, if applicable, remains eligible to take an additional distribution pursuant to Section 3.08(a), (b), (c), (d), and (e) during such 12 month period. An individual who takes a Qualified Reservist Distribution shall not have his election to make Before-Tax Contributions, including Catch-up Contributions, or After-Tax Contributions be affected by such withdrawal.

(d) **Heroes Earnings Assistance and Relief Tax Act of 2008**. A Participant who meets the requirements of Section 3.16(d) shall have a distribution event pursuant to Section 3.10. A Participant who takes such distribution will be prohibited from making elective contributions (as defined in Treas. Reg. §1.401(k)-6) or receiving employer contributions (as defined in Treas. Reg. §1.401(m)-1(f)(6)) to any qualified or non-qualified deferred compensation plans maintained by the Company or an Affiliated Company (as determined in accordance with Treas. Reg. §1.401(k)-1(d)(3)(iv)(E)(2)) for six (6) months commencing as soon as administratively possible following such distribution.

(e) **CARES ACT WITHDRAWAL**. Between January 1, 2020 and December 31, 2020, a Participant was permitted to take an In-Service Distribution up to \$100,000. Participants have the option to pay back all or a portion of the distribution to the Plan or to another IRS approved Retirement vehicle within 3 years of distribution. Participants may take this withdrawal if they meet one or more of the below criteria:

(i) Participant, spouse or dependent tested positive for COVID-19 virus by a test approved by the Centers for Disease Control and Prevention; or

(ii) Participant experienced adverse financial consequences as a result of being quarantined, being furloughed or laid off, or having work hours reduced due to COVID-19; or

(iii) Participant experienced financial consequences as a result of being unable to work due to lack of child care due to COVID-19; or

(iv) Participant experience adverse financial consequences as a result of closing or reduction of hours at the Company.

(f) **Other In-Service Withdrawals.**

(i) **After-Tax Contributions.** Upon application to the Trustee at any time no sooner than twelve (12) months after any earlier withdrawal by such Participant of After-Tax Contributions under Section 3.08(e)(i), Rollover Contributions under Section 3.08(e)(ii), or Company Matching Contributions under Section 3.08(e)(iii), a Participant may withdraw amounts then credited to his After-Tax Contributions account but excluding earnings on these amounts and provided such amounts have been in the Plan for at least two years.

There shall be no suspension of the withdrawing Participant's right to make Before-Tax Contributions or After-Tax Contributions following a withdrawal under this Paragraph 3.08(e)(i).

(ii) **Rollover Contributions.** Upon application to the Trustee at any time no sooner than twelve (12) months after any earlier withdrawal by him under this Section 3.08(e)(ii), After-Tax Contributions under Section 3.08(e)(i), or Company Matching Contributions under Section 3.08(e)(iii), a Participant may withdraw all or a portion of the amounts then credited to his Rollover Contributions account; provided, however, that such Participant shall first have withdrawn, or shall have applied to make a concurrent withdrawal of all eligible amounts credited to his After-Tax Contributions account. There shall be no suspension of the withdrawing Participant's right to make Before-Tax Contributions or Roth 401(k) Contributions following a withdrawal under this Paragraph 3.08(e)(ii).

(iii) **Company Matching Contributions.** Upon application to the Trustee at any time no sooner than twelve (12) months after any earlier withdrawal by him under this Section 3.08(e)(iii), After-Tax Contributions under Section 3.08(e)(i),

or Rollover Contributions under Section 3.08(e)(ii), a Participant may withdraw amounts then credited to his Company Matching Contributions account but excluding earnings on these amounts and provided such amounts have been in the Plan for at least two years; provided, however, that such Participant shall first have withdrawn, or shall have applied to make a concurrent withdrawal of all his eligible After-Tax Contributions and his Rollover Contributions . There shall be no suspension of the withdrawing Participant's right to make Before-Tax Contributions or Roth 401(k) Contributions following a withdrawal under this Paragraph 3.08(e)(iii).

(iv) **Roth Rollover Contributions.** Upon application to the Trustee at any time no sooner than twelve (12) months after any earlier withdrawal by him under this Section 3.08(e)(ii), After-Tax Contributions under Section 3.08(e)(i), or Company Matching Contributions under Section 3.08(e)(iii), a Participant may withdraw all or a portion of the amounts then credited to his Roth Rollover Contributions account; provided, however, that such Participant shall first have withdrawn, or shall have applied to make a concurrent withdrawal of all eligible amounts credited to his After-Tax Contributions Account. There shall be no suspension of the withdrawing Participant's right to make Before-Tax Contributions or Roth 401(k) Contributions following a withdrawal under this Paragraph 3.08(e)(ii).

(g) **Before-Tax Contributions.** A Participant cannot withdraw amounts credited to his Before-Tax Contribution accounts, except that a Participant may withdraw all or a portion of such amounts pursuant to Sections 3.08(a), 3.08(b), 3.08(c) and 3.16.

(h) **Roth 401(k) Contributions.** A Participant cannot withdraw amounts credited to his Roth 401(k) Contribution Account, except that a Participant may withdraw all or a portion of such amounts pursuant to Sections 3.08(a), 3.08(b), 3.08(c) and 3.16.

(i) **Withdrawal Procedures.** The Plan Administrator shall establish administrative procedures for obtaining withdrawals.

3.09 **Loans to Participants.** Upon application to the Trustee by a Participant or Beneficiary who is not a Party in Interest, the Plan Administrator may authorize the

Trustee to make a loan or loans to such Participant or Beneficiary. Any such loans shall be subject to at least the following requirements:

(a) Loans shall be made available on a uniform and nondiscriminatory basis.

(b) Loans must bear a reasonable interest rate which will be determined by the Plan Administrator and which will be fixed for the term of the loan. All loans will be secured by up to fifty percent (50%) of the borrower's vested Plan accounts (determined as of the time of the loan).

(c) The minimum loan amount is \$1,000.

(d) No loan can be made to the extent that such loan, when added to the outstanding balance of all other loans to the borrower under this Plan and any other plan of the Company or an Affiliated Company, would exceed the lesser of: (i) fifty thousand dollars (\$50,000), reduced by the excess of (A) the highest outstanding balance of loans to the borrower from the Plan and such other plans during the one-year period ending on the day before the date the loan is made over (B) the outstanding loan balance on the date the loan is made, or (ii) one-half of the vested value of the borrower's accounts under this Plan and such other plan(s). In addition, no loan under this Plan, when added to any existing loans hereunder, shall exceed the value of the amounts credited to the borrower's After-Tax Contributions, Before-Tax Contributions, Roth 401(k) Contribution and Company Matching Contributions Accounts, plus the borrower's vested Company Core Contribution Account.

(e) Any loan shall, by its terms, require repayment within five (5) years unless such loan is used to acquire a dwelling unit which, within a reasonable time (determined at the time the loan is made), will be used as the principal residence, within the meaning of Code Section 121, of the borrower, in which case the loan shall be repaid within such period as may be established by the Senior Vice President – Human Resources. , At the discretion of the Plan Administrator, such loan is directly rolled over to a qualified plan of a subsequent employer of the Participant pursuant to an

agreement between the Company and the subsequent employer. The maximum number of loans which a borrower may have outstanding at one time is one residential and one non-residential loan.

(f) Certain fees apply when obtaining a loan through the Plan. Such fees, as they are in effect from time to time, will be set forth in the Summary Plan Description or in loan documentation provided to the borrower.

(g) Repayment of Participant loans shall be by payroll deduction or other method approved by the Plan Administrator on a level amortized basis with repayments made as specified in the loan documentation, but, in all cases, at least quarterly; except that a borrower may prepay any amount of the outstanding balance of his loan at any time in accordance with procedures established by the Plan Administrator. Loan repayments may be suspended for one year during a Participant's authorized unpaid leave of absence, or during such other period permitted by applicable law. Loan repayments may be suspended as permitted under Code Section 414(u)(4) for any period in which the Participant is on a qualified military leave.

(h) Loans must be evidenced by a written promissory note. In the event that a borrower fails to make a required payment when due, the loan shall be in default if the borrower fails to become current in his payments within ninety (90) days of such missed payment, or, if earlier, the default date as indicated in the loan documentation. Upon default, the outstanding principal balance of the loan and all accrued interest thereon will be immediately due and payable, and will be satisfied from the borrower's Plan accounts (at such time(s) as permitted by applicable law) upon the occurrence of a Distribution Event or upon the Participant's attainment of age fifty-nine and one-half (59½).

(i) Each loan shall be a separate investment of the borrower's Plan accounts. The amount of the loan will first reduce the borrower's Before-Tax, and Catch-up Contributions Accounts, then the borrower's After-Tax Contributions Account, then the borrower's Rollover Contributions Account, then the borrower's Company Matching Contributions Account, then the borrower's vested Company Core

Contributions Account, then the Roth 401(k) Account and then the Roth Rollover Account. Amounts within the Plan accounts allocated to each Participant Investment Fund also shall be reduced ratably.

(j) Loan repayments, including both principal and interest, shall be credited back to the source from which the loan was redeemed. All payments shall be allocated among the Participant Investment Funds in accordance with the borrower's most recent investment direction election for new contributions.

(k) CARES ACT Delay in Repayment. If a Participant had an outstanding Plan loan balance as of March 27, 2020, they have the option to defer the repayment of that loan until January 1, 2021. At that time the loan will be reamortized and the payments will resume as soon as administratively feasible.

Notwithstanding the foregoing, loans made pursuant to this Section 3.09 may be subject to such additional uniform and nondiscriminatory rules as may from time to time be adopted by the Board, the Investment Committee or the Plan Administrator, which rules shall comply with the Code, ERISA, and other applicable law and may impose limitations on, or requirements for obtaining Plan loans which are in addition to or more restrictive than those limitations and requirements set forth above in this Section 3.09.

### 3.10 **Distributions Following Distribution Events.**

(a) Except as otherwise provided for in Paragraph 3.10(d) herein, after a Distribution Event other than death occurs as to the Participant, the following will apply:

(i) All amounts credited to such Participant's Accounts shall be retained in the Plan until the earliest of the Participant's death, the Participant's consent to and application for the Trustee to distribute the aggregate amounts in all of Participant's Plan Accounts to him in a lump sum or the Participant's consent to and application for the Trustee to commence distribution of installment payments of his account to him in accordance with Section 5.01.

Notwithstanding the preceding sentence, distributions of a

Participant's Plan accounts shall commence no later than April 1 of the calendar year following his attainment of age 72 (70 ½ prior to January 1, 2020). Participants who continue employment with the Employer beyond age 72 (70 ½ prior to January 1, 2020) may defer commencement of distribution under this Section until no later than April 1st of the calendar year following the calendar year in which the Participant retires.

(ii) Notwithstanding the above, a Participant or Beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a Participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(l) of the Code (the "2020 RMDs"), and who would have satisfied that requirement by receiving distributions that are either (a) equal to the 2020 RMDs, or (b) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the Participant, the joint lives (or joint life expectancies) of the Participant and the Participant's designated Beneficiary, or for a period of at least 10 years (the "Extended 2020 RMDs"), will receive those distributions for 2020 unless the Participant or Beneficiary chooses not to receive such distributions. Members and Beneficiaries will be given the opportunity to elect to stop receiving the distributions described in the preceding sentence. In the event that the Participant consents to a lump sum distribution of the aggregate amounts in all of his Plan accounts, by filing an election with the Trustee effective on or after the date of (A) the Participant's termination of employment with the Company or an Affiliated Company, or (B) a Distribution Event as to the Participant, the Participant shall receive a distribution of all amounts credited to such Participant's Plan accounts, in the manner described in Section 5.01. In addition, a second distribution of any amount subsequently credited to a Participant's Company Matching Contributions Account in accordance with Section 3.03 or to a Participant's Company Core Contributions Account in accordance with Section 3.04 shall be made as soon as practicable after actual receipt by the Trustee of the Company Stock or cash contribution.

(b) In the event of the Participant's death, the Participant's Beneficiary shall receive a distribution of all amounts credited to the Participant's Plan Accounts

according to the distribution elections provided in Section 5.01. Subject to Paragraph 3.10(d), such distribution shall be made as soon as practicable after the Participant's death.

(c) Notwithstanding the previous paragraphs of this Section 3.10, if the aggregate vested amount credited to the Participant's Plan Accounts does not exceed \$1,000, such amount will, subject to Paragraph (d) below, be distributed to the Participant (or, in the case of the Participant's death, the Participant's Beneficiary or Beneficiaries) in the manner provided in Section 5.01.

(d) At least thirty (30) days, but no more than one hundred eighty (180) days, before a distribution is made to a Participant, a Participant shall be given notice of: (1) his ability to delay distribution in accordance with Paragraph 3.10(a)(i) above (if applicable), (2) his ability to elect a direct rollover in accordance with Section 5.03, and (3) for former participants of the IGS Savings Plan, the ability to elect the optional forms of payment as provided in Exhibit II. At least thirty (30) days, but no more than one hundred eighty (180) days, before benefits begin to a Beneficiary (including an alternate payee under a Qualified Domestic Relations Order), such Beneficiary must be given notice of his ability to elect a direct rollover under Section 5.03. A distribution may be made less than thirty (30) days after receipt of the notice required by this Paragraph 3.10(d); provided that: (i) the notice clearly informs the Participant or Beneficiary of the right to consider the decision regarding distribution or direct rollover for a period of thirty (30) days after the notice is provided, and (ii) after receiving the notice, the Participant or Beneficiary waives the thirty (30) day period by electing a distribution.

**3.11 Distributions Pursuant to a Qualified Domestic Relations Order.** Notwithstanding any other provisions of the Plan, following the Plan Administrator's determination that a domestic relations order received by the Plan Administrator and applicable to a Participant and any of such Participant's Plan accounts is a Qualified Domestic Relations Order, such distribution or distributions shall be made from such Participant's Plan account or accounts, in accordance with such Qualified Domestic

Relations Order and the Plan's Qualified Domestic Relations Order procedures, and in the manner described in Section 5.01, to the alternate payee or payees specified in such Qualified Domestic Relations Order. If so specified in a Qualified Domestic Relations Order, a distribution to an alternate payee may be made prior to the date on which the Participant attains his "earliest retirement age" (as defined in Code Section 414(p)(4) and ERISA Section 206(d)(3) (E)).

**3.12 Rollovers into the Plan.** Each Employee who is eligible pursuant to Paragraph 3.01(a) to participate in the Plan, and any other Employee who is expected to become eligible to participate in the Plan who has received an eligible rollover distribution described in Code Section 402(c)(4), may make a cash contribution to the Plan (a "Rollover Contribution" or "Roth Rollover Contribution") of all or a portion of any such rollover distribution, provided that: (a) the acceptance of such Rollover Contribution will not adversely affect the continued qualified status of the Plan, and (b) the Plan Administrator in due course receives all the documentation and other relevant information pertaining to such Rollover Contribution or Roth Rollover Contribution deemed necessary by the Plan Administrator for the proper administration of the Plan. Notwithstanding the above, the Plan does not accept After-Tax Contributions that are a part of an eligible rollover distribution. The Plan does accept Roth Rollover Contributions. Any such Rollover Contribution shall not be taken into account for purposes of determining: (i) the limitations set forth in Sections 3.02, 3.07, and 3.14; (ii) whether the Plan is "top-heavy" (as such term is defined in Code Section 416(g), unless the Rollover Contribution originates from the plan of the Company or an Affiliated Company); or (iii) the Company Matching Contributions under Section 3.03. For the period during which an Employee is not otherwise a Participant, such Employee shall be treated as a Participant solely for the purpose of and with respect to such Rollover Contribution.

**3.13 Plan-to-Plan Transfers; Plan Mergers.**

(a) At the discretion of the Investment Committee, the Trustee may accept directly from a trustee or custodian any or all of the assets, including outstanding

participant loans, held under another plan which is qualified under Code Section 401(a) for the benefit of Participants or any other Employees who are expected to become Participants, either as a part of a transfer of assets from the trust for such other plan or a merger of such other plan with the Plan, provided that: (a) the acceptance of such transferred assets will not adversely affect the continued qualified status of the Plan, (b) the Plan Administrator in due course receives all the documentation and other relevant information pertaining to such transferred assets deemed necessary by the Plan Administrator for the proper administration of the Plan, and (c) any other conditions or requirements which may be established by the Investment Committee or the Plan Administrator are satisfied. Any assets which were held by the transferor plan under a qualified cash or deferred arrangement, as such term is defined in Code Section 401(k), shall be treated as Before-Tax Contributions. Any assets which were held by the transferor plan as Roth Contributions as that term is defined in Code Section 402A shall be treated as Roth 401(k) Contributions. Any assets which were held by the transferor plan pursuant to an election to make employee Catch-up Contributions shall be treated as Catch-up Contributions. Any assets which were held by the transferor plan pursuant to an election to make employee after-tax contributions shall be treated as After-Tax Contributions. Any other transferred assets shall be treated as Rollover Contributions or Roth Rollover Contributions for all purposes under the Plan, except that such transferred assets shall not be taken into account for purposes of determining: (i) the limitations set forth in Section 3.02, 3.07, and 3.14; (ii) whether the Plan is "top-heavy" (as such term is defined in Code Section 416(g), unless the transferor plan is a plan of the Company or an Affiliated Company); or (iii) the Company Matching Contributions under Section 3.03.

Notwithstanding any contrary provisions of Section 3.08, the withdrawal by a Participant of any or all of such transferred assets or any other assets derived from the investment thereof shall not result in a suspension of such Participant's right to make contributions to the Plan or to have contributions made on his behalf under the Plan. Alternate forms of benefits, and other benefits, rights, and features under the transferor or merged plan (including those identified in Section 5.05) shall be continued

to the extent required to comply with ERISA and the Code. For the period during which an Employee is not otherwise a Participant, such Employee shall be treated as a Participant solely for the purpose of and with respect to the portion of such transferred assets allocated to his Plan account.

(b) At the discretion of the Investment Committee, the Trustee may transfer directly to a trustee or custodian any or all of the assets, including outstanding participant loans, held for the benefit of Participants or any other Employees who are expected to become participants, either as part of a transfer of assets from the Trust to such other plan or a merger of the Plan with such other plan provided that the transfer of assets is to a plan which is a qualified plan under Code Section 401(a).

### 3.14 **Limitation on Annual Additions to Participants' Accounts.**

(a) **Definitions.** For purposes of this Section 3.14, the following definitions shall apply:

(i) **Annual Additions** mean, in the case of this Plan and any other Defined Contribution Plan maintained by the Company or an Affiliated Company, the aggregate of: (A) the amount of Company and Affiliated Company contributions including, but not limited to, Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, and Company Matching Contributions, Company Core Contributions, Qualified Non-Elective Contributions (as defined in Paragraph 3.07(a)(xiii)), and any forfeitures allocated to a Participant's account during the Plan Year but excluding any amounts returned to a Participant under Treasury Regulation §1.402(g)-1(e)(2) or (3), (B) the amount of a Participant's After-Tax Contributions and any other after-tax contributions to a plan of the Company or an Affiliated Company, (C) amounts described in Code Sections 415(l)(1) and 419A(d)(2).

(ii) **Participant's Compensation** means compensation which is paid to the Participant by the Company or an Affiliated Company for the Plan Year and which is required to be reported as wages for Federal income tax purposes on the Participant's Form W-2. Participant's Compensation shall also include any Before-Tax

Contributions, and any amount which is contributed or deferred by the Employer at the election of the Participant and which is not includible in the gross income of the Participant under Code Sections 125 or 457. Notwithstanding the above, effective October 1, 2007, "Participant's Compensation" shall not exceed the limitation provided under Code Section 401(a)(17) as adjusted pursuant to Code Section 401(a)(17)(B) for any Plan Year.

(b) **Basic Limitation.** Notwithstanding anything to the contrary contained in this Plan, the Annual Additions allocated to a Participant under the Plan and any other Defined Contribution Plan maintained by the Company or an Affiliated Company in respect of any Plan Year (which shall be the limitation year) shall not exceed in the aggregate the lesser of \$40,000 (as adjusted by Code Section 415(d)) or 100% of the Participant's Compensation for such Plan Year.

(c) **Additional Rules.** Notwithstanding the foregoing, effective for plan years beginning before October 1, 2007, if the Participant's Annual Addition to this Plan for any Plan Year would exceed the limitations of this Section 3.14 because of the allocation of forfeitures, a reasonable error in estimating a Participant's Compensation, a reasonable error in estimating the amount of Before-Tax Contributions, or for other reasons as permitted by the Commissioner of Internal Revenue, the excess of such Annual Addition over the amount which is permissible under this Section 3.14 shall be disposed of as follows: After-Tax Contributions and, if necessary, Before-Tax Contributions (in that order), and gains or other earnings allocable thereto, to the extent they would reduce the excess amount, will be returned to the Participant, while any Company Matching Contributions attributable thereto and any earnings on such Company Matching Contributions shall be forfeited, placed in a suspense account, and applied towards subsequent Company Matching Contributions. For Plan Years beginning on and after October 1, 2007, any correction of excess contributions will be made pursuant to Section 7.04.

3.15 **Application of Top-Heavy Provisions.** The Plan will be a top-heavy plan if: (a) the Plan is not required to be aggregated with any other plan under Paragraph 3.15(b)(i), and if the sum of the accounts of Participants who are "Key Employees" exceeds 60 percent of the sum of the accounts of all employees (subject to

adjustment below), or (b) if the Plan must be aggregated with one or more other plans under Paragraph 3.15(b)(ii), and if the Plan is part of a top-heavy group; provided, however, that the Plan will not be a top-heavy plan if it is a member of a group of plans described in Paragraph (b)(iii) below which is not a top-heavy group. In the event that the Plan becomes top-heavy, the minimum benefit requirement of Paragraph 3.15(e) shall become applicable.

The date for determining the applicability of this Section 3.15 for any Plan Year is the last day of the preceding Plan Year (“determination date”).

The date for determining the value of the employees' accounts (“valuation date”) shall be the determination date.

(a) **Key Employees.** For purposes of this Section 3.15, the term “Key Employee” means any employee or former employee (or a beneficiary of either in the event that such employee or former employee is deceased) who at any time during a Plan Year or any of the four preceding Plan Years is:

(i) An officer of the Company or an Affiliated Company having annual compensation greater than \$130,000 (as adjusted by Code Section 416(i)(1)(A)); provided, however, that no more than the lesser of (A) fifty (50) employees, or (B) the greater of three (3) employees or 10 percent of all employees are to be treated as officers;

(ii) A 5 percent owner of the Company or an Affiliated Company; or

(iii) A 1 percent owner of the Company or an Affiliated Company having an annual compensation of more than one hundred fifty thousand dollars (\$150,000).

For purposes of this Paragraph 3.15(a), an employee's compensation shall mean compensation as determined under Code Section 414(q)(4).

An employee shall be considered to own more than a 5 percent interest if the employee owns more than 5 percent of the Company's or an Affiliated Company's outstanding stock or stock possessing 5 percent of the total combined voting power of all of the stock of the Company or an Affiliated Company. An employee shall also be treated as owning stock owned by certain members of the employee's family as provided in Code Section 318, as modified by Code Section 416(i)(1)(B). The same rules shall apply to determine whether an employee is a 1 percent owner. If an employee ceases to be a Key Employee, such employee's account shall be disregarded as an account of a Participant who is a Key Employee under the top-heavy plan computation for any Plan Year following the last Plan Year for which such employee was treated as a Key Employee.

(b) **Top-Heavy Group**. For purposes of determining whether the Plan is part of a top-heavy group as referred to above in this Section 3.15, the following rules shall apply:

(i) All plans maintained by the Company or an Affiliated Company which cover a Key Employee and any other plan which enables a plan covering a Key Employee to meet the requirements of Code Sections 401(a)(4) or 410 shall be aggregated to determine whether the plans, as a group, constitute a top-heavy group.

(ii) An aggregation group shall be a top-heavy group if, as of the determination date, the sum of (A) the accounts of Key Employees under all defined contribution plans included in the group and (B) the present value of the accumulated accrued benefits for Key Employees under all defined benefit plans in the group, exceeds 60 percent of the sum of such accounts and present values for all employees under all such plans in the group. If the aggregation group is not a top-heavy group, no plan in the aggregation group shall be a top-heavy plan.

(iii) In any Plan Year, in testing for top-heaviness under this Paragraph 3.15(b), the Employer may in its discretion expand the aggregation group to take into account any other plan maintained by it or an Affiliated Company, so long as

such expanded aggregation group continues to meet the requirements of Paragraphs 401(a)(4) and 410 of the Code. If the expanded aggregation group is not a top-heavy group (as determined in accordance with the preceding paragraph), no plan in such expanded aggregation group shall be a top-heavy plan.

(c) **Additional Rules.** In determining the present value of the accumulated accrued benefits under a Defined Benefit Plan and the sum of the account balances under a Defined Contribution Plan, both Company and Affiliated Company contributions and employee contributions shall be taken into account. The present value of the accrued benefit in a Defined Benefit Plan or the account balance in a Defined Contribution Plan shall include any amount distributed to an employee within the one-year period ending on the determination date for the Plan Year, except for in-service withdrawals. The present value of the accrued benefit in a Defined Benefit Plan shall be calculated for any employee other than a Key Employee under (a) the method, if any, that uniformly applies for accrual purposes under all plans maintained by the Company or an Affiliated Company, or (b) if there is no such method, an accrual rule rate which is not more rapid than the slowest accrual rate allowed under the fractional accrual rate of Code Section 411(b)(1)(C). If there is more than one Defined Benefit Plan in an aggregation group, the actuarial assumptions used for such Defined Benefit Plans must be the same. If an employee has not performed services for the Company or an Affiliated Company during the one-year period ending on the determination date for the Plan Year, any accrued benefit or account balance for such individual shall not be taken into account.

(d) **Vesting Requirements.** If this Plan is determined to be top-heavy in any Plan Year under the provisions of this Section 3.15, account balances will be or become fully vested in accordance with the vesting schedules under Sections 3.02, 3.03, and 3.05, or, if earlier, after a Participant completes at least three (3) Years of Vesting Service.

(e) **Minimum Benefit.** If this Plan is determined to be top-heavy in any Plan Year under the provisions of this Section 3.15, then the Employer's contribution for

such Plan Year to be allocated to each Participant who is not a Key Employee and is not covered by a collective bargaining agreement in such Plan Year shall not be less than three (3) percent of such Participant's compensation (as defined in Treasury Regulation §1.415(c)-2) or such lesser percentage (taking into account Before-Tax Contributions and Roth 401(k) Contributions, excluding Catch-up Contributions, and Company Matching Contributions and Company Core Contributions) as may be made with respect to the Key Employee who had the highest such percentage in such Plan Year.

### 3.16 **Heroes Earnings Assistance and Relief Tax Act of 2008**

(a) **Death Benefits.** In the case of a death occurring on or after January 1, 2007, if a Participant dies while performing qualified military service (as defined in Code Section 414(u)), the survivors of the Participant are entitled to any additional benefits (other than benefit accruals relating to the period of qualifying military service) provided under the Plan as if the Participant had resumed and then terminated employment on account of death.

(b) **Differential Wage Payments.** For years beginning after December 31, 2008, (i) an individual receiving a differential wage payment, as defined by Code Section 3401(h)(2), shall be treated as an employee of the employer making the payment, (ii) differential wage payment shall be treated as Compensation, and (iii) the Plan shall not be treated as failing to meet the requirements of any provision described in Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment. Notwithstanding anything in the Plan to the contrary, differential wage payments shall not be treated as Compensation for purposes of determining contributions under the Plan.

(c) **Nondiscrimination Requirement.** Section 3.16(b)(iii) shall apply only if all employees of the employer performing service in the uniformed services described in Code Section 3401(h)(2)(A) are entitled to receive differential wage payments (as defined in Code Section 3401(h)(2)) on reasonably equivalent terms and,

if eligible to participate in a retirement plan maintained by the employer, to make contributions based on the payments on reasonably equivalent terms (taking into account Code Section 410(b)(3),(4) and (5)).

(d) For years beginning after December 31, 2008, an individual who is performing service in the uniformed services described in Code Section 3401(h)(2)(A) for a period of at least 30 days, for purposes of Code Section 401(k)(2)(B)(i)(I) shall be treated as severed from employment with the Company and shall have a Distribution Event under Plan Section 3.10. An individual receiving such distribution shall not be able to make an elective deferral to the Plan during the six month period beginning on the date of distribution.”

**ARTICLE IV  
TRUST FUND AND PARTICIPANT INVESTMENT FUNDS**

4.01 **Trust Agreement**. The Company has entered into a Trust Agreement for the Plan establishing the Trust Fund and the Participant Investment Funds. The Trustee under such Trust Agreement shall hold, invest, distribute, and administer the Trust Fund in accordance with the terms of the Plan and the Trust Agreement and shall hold the contributions to each Participant Investment Fund, including income therefrom, as a unit. Any portion of a Participant Investment Fund may, pending its permanent investment in an Investment Vehicle or distribution, be invested in interest-bearing investments of a short-term nature, even though the same may not be legal investments for trust funds under the laws applicable thereto. Any portion of a Participant Investment Fund may be maintained in cash. The Trustee shall be responsible for making the final decision as to managing, acquiring, or disposing of that portion of any of the Participant Investment Funds described below, if any, not subject to the management of investment manager or managers or to directions of the Investment Committee given pursuant to Paragraphs 6.04(a)(ii) or 6.04(b) respectively.

(a) **Participant Investment Funds**. All Participant Contributions transferred to the Trustee pursuant to Sections 3.02, 3.12, or 3.13 and Company Core Contributions transferred to the Trustee pursuant to Section 3.04 shall be held and invested by the Trustee in the Participant Investment Funds in accordance with the directions of Participants given as hereinafter provided. The Company, by resolution of the Board or the Investment Committee, shall have the right, in its discretion, to amend the Plan to establish additional Participant Investment Funds in which Participant Contributions may be invested in accordance with the directions of Participants or to discontinue existing Participant Investment Funds.

(b) **Investment of Company Matching Contributions**. All Company Matching Contributions shall be invested in the Company Stock Fund, except as otherwise provided in Section 4.04.

4.02 **Investment of Contributions in the Participant Investment Funds.** Subject to the provisions of Section 4.03, each Participant in the Plan, in accordance with procedures established by the Plan Administrator, will direct that the Trustee hold and invest in one or more Participant Investment Funds all amounts credited to such Participant's Plan Accounts in respect of that Participant's Matched Contributions and Unmatched Contributions thereafter deducted from his Annual Salary and in respect of any Company Core Contributions under Section 3.04, Rollover Contributions under Section 3.12, or plan-to-plan asset transfers or mergers under Section 3.13, credited to his Plan Accounts. A Participant shall allocate his Participant Contributions and Company Core Contributions among the available Participant Investment Funds in multiples of one percent (1%); provided, however, that the total of such allocations must equal one hundred percent (100%). No Participant shall have the right to give separate investment directions for amounts in respect of his Matched Contributions and Unmatched Contributions or in respect of his Company Core Contributions, Before-Tax Contributions, Roth 401(k) Contributions, Catch-up Contributions and After-Tax Contributions. Notwithstanding the above, if the Trustee does not receive direction from the Participant regarding amounts credited to such Participant's Plan accounts, such amounts shall be held and invested in the Qualified Default Investment Alternative. The Plan is intended to be a Participant-directed "Section 404(c) Plan" under ERISA Section 404(c) and the regulations thereunder, and the provisions of the Plan are to be interpreted so as to effectuate such intent.

Each of the Participant Investment Funds is currently invested in the particular Investment Vehicle specified in Appendix A, although the Investment Committee may from time to time replace, add to, or discontinue such Investment Vehicles, excluding the Company Stock Fund, without amending the Plan, upon notice to Participants.

(a) **Company Stock Fund.** All Participant Contributions to the Company Stock Fund and Company Matching Contributions made on or after October 1, 2002 and before October 1, 2007, shall be held in the Company Stock Fund – Current Year until the end of the Plan Year in which such Contributions are

made. Throughout this Plan, prior to October 1, 2007, "Company Stock Fund" will refer collectively to The Company Stock Fund – ESOP and Company Stock Fund – Current Year unless otherwise specified. On and after October 1, 2007, the Company Stock Fund will no longer be split into the two funds mentioned above, and "Company Stock Fund" will refer to a single fund. Contributions to the Company Stock Fund shall be invested by the Trustee primarily in Company Stock, although a cash position is maintained to provide a liquidity level necessary for daily transactions. All Participant Contributions and Company Matching Contributions shall both be invested in the Company Stock Fund by the Trustee as liquidity and investment manager; provided, however, that separate subaccounts shall be maintained for amounts attributable to Participant Contributions and Company Matching Contributions. For Plan Years prior to October 1, 2007, all Participant Contributions and Company Matching Contributions held in the Company Stock Fund – Current Year as of the close of the New York Stock Exchange on the last Business Day of each Plan Year will be transferred to the Company Stock Fund – ESOP prior to the start of business on the first Business Day of the following Plan Year.

**4.03 Redirection of Investments of Participant Contributions.** Each Participant may from time to time change his last prior investment direction pursuant to Section 4.02 or this Section 4.03 to any other investment direction then permitted pursuant to Section 4.02, in accordance with procedures established by the Plan Administrator. Each such change of investment direction pursuant to this Section 4.03 shall apply, at the Participant's election, to (a) all amounts then credited to the Participant's accounts (except as provided in Section 4.04 below) and/or (b) all contributions thereafter made by or on the Participant's behalf (except as provided in Section 4.04 below); provided, however, that the Plan Administrator may from time to time impose restrictions on the right to change prior investment directions as to Participant Contributions to one or more other particular Participant Investment Funds, if the Plan Administrator determines that such restrictions on redirections are necessary to comply with the terms of the Investment Vehicles held in any Participant Investment Fund in which any amounts then credited to Participants' accounts are held.

Notwithstanding the above, prior to October 1, 2007, Participants may not redirect Participant Contributions or Company Core Contributions from the Company Stock Fund – Current Year to the Company Stock Fund – ESOP and may not redirect Participant Contributions or Company Core Contributions from the Company Stock Fund ESOP to the Company Stock Fund – Current Year.

Any change in investment direction by a Participant for all or any portion of the Participant Contributions and Company Core Contributions, including related investment earnings or losses, then credited to the Participant's accounts will generally be effective as of the same Business Day on which notice is received, provided that notice is given prior to the close of the New York Stock Exchange on such day, and will be effective as of the following Business Day if such notice is given after the close of the New York Stock Exchange. Any change in investment direction for future contributions will be effective as soon as administratively possible. A Beneficiary shall have the right to change the investment direction for amounts in a Participant's account until such account has been distributed in accordance with Section 3.10(b).

4.04 **Investment of Company Matching Contributions.** All amounts in each Participant's Company Matching Contributions account shall be invested in the Company Stock Fund in accordance with Section 4.02(a); provided, however, that Participant Contributions, Company Core Contributions and Company Matching Contributions which are commingled in the Company Stock Fund shall be accounted for in separate subaccounts and shall remain subject to the separate Plan provisions which relate to each type of contribution.

A Participant shall be eligible to redirect the investment of all Company Matching Contributions from the Company Stock Fund to another Participant Investment Fund.

4.05 **Participants' Accounts.** The Plan Administrator shall cause to be established and maintained for each Participant an account for all amounts in respect of (a) Before-Tax Contributions made on his behalf, (b) his After-Tax Contributions, (c) Catch-up Contributions, (d) Rollover Contributions, (e) Company Core Contributions,

(f) Company Matching Contributions attributable to his Matched Contributions (g) Roth 401(k) Contributions and (h) Roth Rollover Contributions made during each Plan Year. Effective October 1, 2006, for purposes of this Section 4.05, transferred assets described in Section 3.13 shall be credited to a Participant's Rollover Contributions account (except as otherwise provided in Section 3.13 in the case of certain assets which are treated as Before-Tax Contributions or Catch-up Contributions). Prior to October 1, 2006, transferred assets described in Section 3.13 were credited as earnings to a Participant's After-Tax Contributions account (except as otherwise provided in Section 3.13 in the case of certain assets which were treated as Before-Tax Contributions or Catch-Up Contributions). Credits to Participants' accounts for amounts invested pursuant to Section 4.02 in each of the Participant Investment Funds shall be allocated to the Participant's Before-Tax Contributions, After-Tax Contributions, Catch-up Contributions, Company Core Contributions and Company Matching Contributions accounts in proportion to the amounts credited to such accounts during the period for which such allocation is made.

Credits to Participants' accounts for amounts held and invested pursuant to Section 4.02 in the Participant Investment Funds, including the Company Stock Fund shall be expressed in terms of their dollar value. Shares of Company Stock which are purchased from time to time during any Plan Year out of cash funds held by the Trustee under the Trust Agreement shall be valued for purposes of the Plan at the average of the actual cost thereof, including transfer taxes, brokerage commissions, etc., if any, incident to the purchase thereof. Shares of Company Stock which are made available through Participant cash distributions, loans, or investment changes shall be valued for purposes of the Plan at the Fair Market Value thereof at the close of the Business Day that the Participant's application or direction to the Trustee is received for such transaction, provided such application or direction is received prior to the close of that Business Day, and at the Fair Market Value thereof at the close of the following Business Day if the application or direction is received after the close of the Business Day. Each Participant Investment Fund shall be valued daily by the Trustee.

Beginning with the last prior valuation made, amounts credited to each Participant's accounts maintained hereunder shall be adjusted to reflect the effect of income collected and accrued, realized and unrealized profits and losses, expenses, and all other transactions affecting the Participant Investment Funds since the prior valuation of the Participant Investment Funds. Such valuations and such adjustments of the amounts credited to Participants' accounts shall be made so as to preserve for each Participant that Participant's proportional beneficial interest in each Participant Investment Fund, based upon contributions made by or on his behalf and invested in each such Participant Investment Fund.

The fact that credits shall be made to a Participant's account in respect of Company Matching Contributions shall not vest in such Participant any right, title, or interest in the assets of the Company Stock Fund, except at the time or times and upon the terms and conditions provided in the Plan. Except as provided in Section 4.07, a Participant shall have no right of request, direction, or demand upon the Trustee to exercise in the Participant's behalf any rights to purchase or sell securities which may be granted to the Trustee. The Trustee, in its discretion, may exercise or sell any rights to purchase other securities appertaining to securities held by the Trustee, whether or not allocated to individual accounts. The accounts of Participants shall be appropriately credited.

No person shall have any right to, or interest in, any assets of the Participant Investment Funds upon termination of employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable to such person under the Plan. All payments of benefits as provided for in this Plan shall be made solely out of the assets of the Participant Investment Funds and no fiduciary shall be liable therefore in any manner. No fiduciary or other person or entity guarantees the Participant Investment Funds in any manner against investment loss or depreciation in asset value.

4.06 **Account Statements; Investment Information**. At such times as required by law or as the Plan Administrator deems necessary or desirable for the

purpose of administering the Plan, each Participant will be furnished with a statement showing the status of his or her Plan accounts as of such dates as are selected by the Plan Administrator. In addition, sufficient information shall be available to Participants to permit informed investment decisions as to the Participant Investment Funds and Investment Vehicles in which Participant Contributions and Company Core Contributions may be invested.

Information relating to Participants' purchase, holding, and sale of units of interest in Company Stock and exercise of voting, tender, and similar rights shall be maintained in accordance with procedures which shall be adopted and amended from time to time in writing by the Plan Administrator (the "Confidentiality Procedures") that are designed to safeguard the confidentiality of such information (except as necessary to comply with federal or applicable state law, such as securities law reporting rules for insiders). The Confidentiality Procedures shall incorporate at least the safeguards of confidentiality as to exercising voting, tendering, and similar rights as are set forth in Section 4.07; and name a fiduciary to be responsible for receiving and acting on investment directions and/or monitoring compliance with the Confidentiality Procedures and who shall be empowered to determine when an independent fiduciary should be designated to carry out such activities as to Company Stock relating to situations which such responsible fiduciary determines will have a potential for undue influence (such as tender offers, exchange offers, and contested Board elections) all as contemplated by ERISA Section 404(c).

4.07 **Voting, Tendering, and Similar Rights as to Company Stock**. Before each annual or special meeting of the stockholders of the Company, the Trustee or its agent shall furnish or cause to be furnished to each Participant for whom an account is established and maintained under the Plan and to which units of interest in Company Stock are allocated a copy of the proxy solicitation material for such meeting, which is provided to stockholders of the Company who are not Plan Participants, together with a request for the Participant's confidential directions to the Trustee as to how the full shares of Company Stock then represented by the units of interest allocated to such Participant's account should be voted. Upon timely receipt of such directions, the

Trustee shall vote such full shares as directed. Any such shares held by the Trustee as to which it receives no voting directions and fractional shares shall be voted by the Trustee in the same proportions as shares to which voting directions have been received.

Each Participant shall have the right, to the extent of the number of shares of Company Stock represented by the units of interest allocated to his account, to confidentially direct the Trustee in writing as to the manner in which to respond to a tender or exchange offer with respect to shares of Company Stock. The Trustee shall use its best efforts to timely distribute or cause to be distributed to each Participant the information distributed to stockholders of the Company who are not Plan Participants in connection with any such tender or exchange offer. Upon timely receipt of such directions, the Trustee shall respond as directed with respect to such shares of Company Stock. If the Trustee shall not receive timely direction from a Participant as to the manner in which to respond to such a tender or exchange offer, the Trustee shall not tender or exchange any shares of Company Stock with respect to which such Participant has the right of direction. The Trustee shall respond as to fractional shares in the same proportions as the shares as to which Participant directions have been received.

Each Participant is, for purposes of this Section 4.07, hereby designated a "named fiduciary" within the meaning of ERISA Section 403(a)(1) with respect to voting and responding to tender and exchange offers with respect to full shares of Company Stock as to which units of interest are allocated to his account, except to the extent otherwise permitted by ERISA Section 404(c) because such Participant has exercised independent control over assets in his or her individual account in the manner described in Department of Labor Reg. §2550.404c-1 promulgated thereunder. "Participant" as used in this Section 4.07 shall include in the event of the death of a Participant, his Beneficiary, and in the event a Qualified Domestic Relations Order is applicable to an account, each alternate payee under such Qualified Domestic Relations Order. Directions received by the Trustee from individual Participants as provided in this Section 4.07 shall be held by the Trustee in confidence and shall not be divulged or

released to any person, including directors, officers, or employees of the Company or any Affiliated Company, except as permitted by the Confidentiality Procedures.

The Trustee is hereby empowered to set such deadlines for Participant returns of proxy, tender, exchange, or similar directions as are necessary to assure the proper tally of such returns and timely action based on such response, consistent with the Confidentiality Procedures and the directions of any independent fiduciary appointed as contemplated by the Confidentiality Procedures.

#### **ARTICLE IV-A**

##### **ESTABLISHMENT OF AN EMPLOYEE STOCK OWNERSHIP PLAN**

4.01-A Effective May 15, 2002, the Company Stock Fund described in Section 4.02(a) is converted to an employee stock ownership plan ("ESOP") as defined in Section 4975(e) of the Code and the regulations thereunder. The ESOP is intended to form a portion of the Plan, the balance of which includes a qualified profit-sharing plan described in Section 401(a) of the Code which is not an ESOP. The ESOP shall hold Participant Contributions pursuant to Deferral Elections described in Section 3.02, Company Core Contributions described in Section 3.04, and Company Matching Contributions described in Section 3.03. Prior to October 1, 2007, the ESOP shall be the Participant Investment Fund described as the Air Products Company Stock Fund - ESOP. On and after October 1, 2007, the ESOP shall be the Participant Investment Fund described in Appendix A of the Plan as the Air Products Company Stock Fund.

4.02-A The ESOP shall be primarily invested in Company Stock as described in Section 4.02(a). Company Stock as defined herein is traded publicly on the New York Stock Exchange. A Participant may direct the Trustee to vote the Company Stock allocated to his account as described in Section 4.07. A Participant may elect a distribution of his account balance in the Company Stock Fund to be paid in Company Stock or in cash as described in Section 5.01. A Participant may elect to diversify his account in the Company Stock Fund to the extent described in Section 4.03 and 4.04. A Participant may begin receiving distributions of his accounts, including the

Company Stock Fund, as provided in Section 3.08 or upon the occurrence of a Distribution Event as described in Section 2.21. Allocations of Participant Contributions and Company Matching Contributions to the ESOP are made in proportion to the compensation of each Participant based on his or her Deferral Elections as described in Section 3.02.

4.03-A Participants having all or a portion of their Participant accounts invested in Company Stock in the ESOP may elect to receive a distribution of dividends paid on Company Stock that are allocated to their Participant accounts, paid to the ESOP first and then distributed no later than 90 days after the close of the Plan Year in which they were paid, or to reinvest such dividends in the ESOP pursuant to Section 404(k)(2)(A) of the Code, and the regulations thereunder. Reinvested dividends shall be 100% vested. Dividends paid on the portion of a Participant's account attributable to Company Core Contributions, including any related investment earnings and losses, may only be reinvested to the extent Company Core Contributions and related earnings and losses are vested under Section 3.05(a) of the Plan. A Participant who does not make an affirmative election under this Section 4.03-A shall be deemed to have elected to reinvest such dividends in the ESOP. The Plan Administrator shall determine the procedure for making such election available to eligible Participants.

4.04-A Participants who are employees of Affiliates of the Company that are subject to taxation as partnerships are permitted to participate in the ESOP and invest their Participant accounts in Company Stock, but are excluded from receiving dividends paid on Company Stock to the Company Stock Fund – ESOP, or after October 1, 2007, the Company Stock Fund.

## ARTICLE V

### MANNER OF DISTRIBUTION OF PARTICIPANT ACCOUNTS

5.01 **General.** Subject to Sections 5.03 and 5.05, distribution to any person entitled to receive any amounts then held by the Trustee in the Participant Investment Funds described in Article IV shall be made by the Trustee in a lump sum or, at the

election of such person, in installments not to exceed one installment per month, in the manner described in (a) and (b) below

(a) **Cash Distributions.** Amounts credited to a Participant's accounts which are held by the Trustee in any Participant Investment Fund other than the Company Stock Fund shall be distributed in cash.

(b) **Company Stock Distributions. Company Stock Distributions.** Amounts credited to a Participant's accounts which are held by the Trustee in the Company Stock Fund shall be distributed in cash. Notwithstanding the foregoing, amounts credited to a Participant's account in the Company Stock Fund may be distributed in the form of shares of Company Stock at the election of the Participant or the Participant's Beneficiary or alternate payee, as the case may be. Distribution of a Participant's interest in a fractional share of Company Stock shall be made in cash. Notwithstanding the above, for persons electing installment distributions commencing on or after October 1, 2006, distributions of amounts credited to the Company Stock Fund must be made in cash.

The amount to be withdrawn or distributed from a Participant's account or accounts under Section 3.08 or 3.10, or pursuant to a Qualified Domestic Relations Order, shall be the amount or specified portion thereof credited to such Trustee account or accounts as of: (i) the Business Day on which the account distribution or withdrawal request is received by the Plan Administrator; provided, however, that valuation shall take place as of the following Business Day if the request is received after the close of the New York Stock Exchange; or (ii) if no request is received, the first Business Day in March of the calendar year following the year in which the Participant attains age 72 (70 ½ prior to January 1, 2020) or, if later, the calendar year in which the Participant retires if the Participant attained age 72 (70 ½ prior to January 1, 2020). In the case of a Qualified Domestic Relations Order, if so provided in the Qualified Domestic Relations Order, the amount to be withdrawn or distributed shall be the amount specified in such Order.

Payment or delivery of an amount to be withdrawn or distributed shall be made as soon as practicable after the applicable date determined under the preceding paragraph, but in any event by the April 1 which follows the year in which the Participant

attains age 72 (70 ½ prior to January 1, 2020), or if later, the April 1 which follows the year the Participant retires if the Participant attains age 72 (70 ½ prior to January 1, 2020). The payment of benefits under the Plan to a Participant (or to his Beneficiary or Beneficiaries) who has a severance from employment with the Company and all Affiliated Companies with amounts credited to his Plan accounts of \$1,000 or less, or upon the Participant's death, will begin as soon as administratively practicable after the Participant makes his last contribution.

Any distributions made pursuant to this Article V shall be subject to the requirements of Code Section 401 (a)(9) and the regulations thereunder, including the minimum distribution incidental benefit requirement of Q&A-1 (d) of section 1.401 (a)(9)-5 of the final regulations effective January 1, 2003

**5.02 Designation of Beneficiaries; Spousal Consents.** Unless otherwise designated as provided in the next paragraph of this Section 5.02, each Participant's Beneficiary shall be the Participant's spouse. If the Participant dies with no surviving spouse, or so designates a Beneficiary other than his spouse in accordance with the provisions of the next paragraph, the Beneficiary or Beneficiaries to receive the Plan benefits hereunder shall be as designated by the Participant in accordance with procedures specified by the Plan Administrator and filed with the Plan Administrator during the Participant's lifetime. Any such designation may be revoked or changed by the Participant at any time and from time to time, without the consent of any prior Beneficiary (other than the Participant's spouse, whose consent shall be required as provided in the next paragraph) in the same manner as the original designation. If either no such designation is made or, if made, none of the designated Beneficiaries, whether primary or contingent, is living at the time of payment, Plan benefits shall be paid to the Participant's surviving spouse, if any, and otherwise to the Participant's estate.

The designation of a Beneficiary other than the Participant's spouse shall be ineffective unless either: (i) the Participant's spouse consents in writing to such designation, the spouse's consent specifically identifies the nonspouse Beneficiary, the Participant's spouse acknowledges the effect of such designation, and such consent is

witnessed by a notary public; or (ii) it is established to the satisfaction of the Plan Administrator or a representative of the Plan Administrator that no such consent may be obtained because there is no spouse of the Participant, the spouse cannot be located, or because of such other circumstances as may be prescribed in regulations issued by the Secretary of the United States Treasury. Any consent by a spouse required by any provision of the Plan shall be irrevocable by the spouse and any such consent by the spouse (or establishment that the consent of the spouse may not be obtained) shall only be effective with respect to such spouse. No Beneficiary designation shall be effective prior to the time it is received by the Plan Administrator.

Notwithstanding the foregoing, for former Participants in the IGS Savings Plan the terms of Exhibit II shall apply.

### 5.03 **Direct Rollovers**

(a) Any Participant, any spouse of a Participant (including a former spouse who is an alternate payee under any Qualified Domestic Relations Order) or, effective April 1, 2007, any Beneficiary of a Participant (each referred to herein as a “distributee”) who is entitled to receive an “eligible rollover distribution” (as defined below) from the Plan may make a special election to avoid the imposition of automatic withholding of Federal income taxes from the distribution. The special election is to have all or part of the distribution paid by the Trustee directly to an eligible retirement plan (as defined below) in lieu of receiving the distribution from the Plan. In order for such direct rollover to be made, the special election must be made in accordance with the procedures established by the Plan Administrator, the eligible retirement plan must be clearly specified, and the specified plan must be willing to accept the rollover. Any eligible rollover distribution described in Section 5.03(d)(i) that includes After-Tax Contributions or Roth 401(k) Contributions which a distributee elects to rollover to a qualified defined contribution plan described in Section 401(a) or an annuity plan described in Code Section 4.03(b) must be directly rolled over to such plan pursuant to the special election in this Section 5.03(a) and must be separately accounted for as required by Code Section 402(c)(2)(A) and 402A.

(b) Notwithstanding the foregoing, a direct rollover shall not be permitted if the distributee's eligible rollover distributions during the calendar year are reasonably expected to total less than \$200, and a partial direct rollover may not be made in an amount which is less than \$500. Each eligible rollover distribution may be directly rolled over to only one eligible retirement plan.

(c) The limits set forth in this Section may be modified by the Plan Administrator to the extent permitted by Code Sections 401(a)(31), 402, and 3405 and regulations or rulings issued thereunder. Moreover, the provisions of this Section shall be interpreted and applied consistently with Sections 521 through 523 of the Unemployment Compensation Amendments of 1992, and shall be deemed to be automatically amended, without the necessity of adopting a specific amendment, to the extent that applicable law, regulations, or rulings modify, amend, supersede, eliminate, clarify, or otherwise change the requirements of said Sections 521 through 523.

(d) An "eligible rollover distribution" hereunder is any distribution to or withdrawal by a distributee, except that an eligible rollover distribution does not include any portion of a distribution to the extent it is: (i) not included in gross income (without regard to the exclusion for net unrealized appreciation with respect to employer securities) provided, however, that eligible rollover distributions on or after January 1, 2002, shall include the portion of a distribution not otherwise included in gross income (i.e., After-Tax Contributions), if any, (ii) required under Code Section 401(a)(9), (iii) a deemed distribution of a defaulted loan which is unaccompanied by an actual distribution, (iv) any distribution that is one in a series of substantially equal periodic payments (not less frequently than annually) made for one or more lives or for a specified period of ten (10) years or more; (v) any hardship distribution described in Code Section 401(k)(2)(B)(i)(iv); (vi) any dividends paid on employer securities held by an ESOP which are paid directly to the Participant and not reinvested in the ESOP or (vii) any other amount which is excluded under the Code or Treasury Regulations. An "eligible retirement plan" is an individual retirement account or annuity described in Code Sections 408(a) and 408(b) (collectively, an "IRA"), an annuity plan described in Code Section 403(a) which accepts rollover distributions, a qualified plan described in

Code Section 401(a) which accepts rollover distributions, or an annuity plan described in Code Section 403(b) which accepts rollover distributions, or a Code Section 457 governmental plan which accepts rollover distributions; provided, however, that with respect to a non-spouse Beneficiary, "eligible retirement plan" shall mean only an inherited IRA within the meaning of Code Section 408(d)(3)(c) and in accordance with Code Section 402(c)(11) and Code Section 401(a)(9)(B)(ii).

5.04 **Trustee-to-Trustee Transfer.** Upon the direction of the Plan Administrator, the Trustee may transfer all amounts credited to a Participant's accounts held by the Trustee to another retirement benefit plan qualified under Code Section 401(a) in connection with or following a Distribution Event with respect to such Participant.

5.05 **Protected Distribution Forms for Certain Transferred Balances.**

(a) In the case of a Participant who had funds transferred to the Plan from the GSF Energy Inc. Retirement Savings Plan (the "GSF Plan") during 1989, a term annuity may be purchased with all or part of that portion of the Participant's distribution which is attributable to funds transferred in 1986 from the former Getty savings plan to the GSF Plan. The fixed payment period cannot exceed 240 months and the amount of payments must be greater than \$25 per month.

(b) In the case of a Participant employed by Pacific Anchor Chemical Corporation who had funds transferred from the Pacific Anchor Chemical Corporation 401(k) Plan (the "Pacific Anchor Plan") to the Plan as of July 1, 1989, such a Participant may elect to receive the amount credited to his account as of the date of such transfer in installment payments over a period not to exceed the life expectancy of the Participant or the joint life expectancy of the Participant and the Participant's spouse, if any.

(c) In the case of a Participant employed by Industrial Gas and Supply Company ("IGS") who had funds transferred from the IGS Savings Plan due to the merger of the IGS Savings Plan into the Plan as of March 31, 2000, such a Participant may elect to receive the amount credited to his account as of the date of such transfer,

in installment payments over a period not to exceed the life expectancy of the Participant or the joint life expectancy of the Participant and the Participant's spouse, if any. The applicable provisions are set forth in Exhibit II.

**ARTICLE VI**  
**ADMINISTRATION**

6.01 **Plan Administrator**. The Plan Administrator shall be responsible for the administration of the Plan to the extent provided herein and except to the extent that some other person or entity shall be expressly authorized by the Board. The Plan Administrator shall not receive any compensation from the Plan for his services as such, but may be reimbursed for reasonable expenses actually incurred in the administration of the Plan.

6.02 **Expenses of Administration**. The reasonable expenses incident to the administration, management, and operation of the Plan, including (but not limited to) the compensation of legal counsel, auditors, accountants, actuaries, the Trustee, and investment managers, if any, and other costs such as recordkeeping fees, proxy voting fees, communication costs, and the cost of clerical and technical assistance which may be required, shall be payable from Participant's accounts in a manner determined by the Plan Administrator and shall be communicated to Participants in a manner that is consistent with ERISA Section 408(b)(2) and the Treasury Regulations issued thereunder. The Investment Committee may provide that certain Plan expenses shall be charged to a Participant's account and shall be communicated to Participants in a manner that is consistent with ERISA Section 408(b)(2) and the Treasury Regulations issues thereunder. Notwithstanding the foregoing, the Employer, in its absolute discretion, may elect at any time to pay part or all thereof directly, and any such election shall not bind the Employer as to its right to elect with respect to the same or other expenses at any other time to have such expenses paid from the Participant's accounts.

6.03 **Powers and Duties of the Plan Administrator**. In addition to any implied powers and duties which may be necessary to carry out the provisions of the Plan and

any explicit powers and duties set forth elsewhere in the Plan, the Plan Administrator shall have the following specific discretionary powers and duties:

(a) To make and enforce such rules and regulations and adopt such procedures as he shall deem necessary or proper for the efficient administration of the Plan which are not inconsistent with the Code, ERISA, or any grant of authority to another person hereunder, including without limitation rules to be followed by Participants filing notices, elections, directions, and designations under the Plan and for the furnishing and verification of evidence and proofs necessary to establish the rights of any person to benefits under the Plan;

(b) Subject to and consistent with the Code and ERISA, discretionary authority and power to construe and interpret the Plan and to decide any and all matters arising thereunder, including the right to (i) decide all questions of eligibility for benefits; (ii) determine the amount, time, and manner of payment; (iii) authorize the payment of benefits; (iv) remedy possible ambiguities, inconsistencies, or omissions; provided, however, that all such interpretations and decisions shall be applied in a uniform manner to all Participants who are similarly situated; and (v) to determine all questions of fact;

(c) Subject to the provisions of Section 6.05, to make findings of fact and determinations as to the rights of any person applying for benefits and to afford any such person dissatisfied with any such findings or determinations the right to a hearing thereof;

(d) To obtain from the Employer and from the Participants, and provide to the Trustee such information as shall be necessary for proper administration of the Plan;

(e) To authorize disbursements from the Participant Investment Funds and to obtain from the Trustee such information concerning such disbursements as shall be necessary for the proper administration of the Plan;

(f) To supervise generally the administration of the Plan in accordance with ERISA, including, without limitation, compliance with reporting and disclosure

requirements and the final review of claims and appeals by Participants and their Beneficiaries;

(g) To appoint or employ other persons or fiduciaries to carry out various specific responsibilities concerning the administration of the Plan and any other agents he deems advisable, including without limitation legal counsel, auditors, and accountants, and to enter agreements for the performance of services on behalf of the Plan; and

(h) To allocate and delegate among or to any one or more person or persons (including corporate persons) named by the Plan Administrator in accordance with the provisions hereinafter, any of his powers, duties, and fiduciary responsibilities, such allocation or delegation to be effected as follows:

(i) Fiduciary responsibilities may be allocated or delegated by the Plan Administrator by naming in writing the named fiduciary to whom the responsibility is allocated or delegated, with a description of the responsibility and an outline of the duties involved;

(ii) Such of his other powers, authority, and duties as he deems proper and desirable for the efficient administration of the Plan may be delegated to any officer or other administrative employee of the Employer.

6.04 **Powers and Duties of the Investment Committee**. In addition to any implied powers and duties which may be necessary to carry out the provisions of the Plan and any explicit powers and duties set forth elsewhere in the Plan, the Investment Committee shall have the following specific discretionary powers and duties:

(a) To appoint or employ, and to enter agreements with:

(i) the Trustee;

(ii) an investment manager or managers with power to direct the investment, reinvestment, and other management of the acquisition and disposition by the Trustee of all or a portion of any of the Participant Investment Funds described in

Section 4.02 (other than the Company Stock Fund), if the Investment Committee determines in its sole discretion that an investment manager or managers is necessary or desirable for management of all or any portion of any such Participant Investment Fund; provided, however, that each such investment manager shall acknowledge in writing that such investment manager is a fiduciary with respect to the Plan, and:

- (A) shall be registered as an investment advisor under the Investment Advisors Act of 1940; or
- (B) shall be a bank, as defined in the Investment Advisors Act of 1940; or
- (C) shall be an insurance company qualified to perform services with power to manage, acquire, or dispose of assets of the Plan under the laws of more than one State; or
- (D) if not registered as an investment advisor under the Act by reason of paragraph (1) of section 203A(a) of the Investment Advisors Act of 1940, shall be registered as an investment advisor under the law of the State (referred to in such paragraph (1)) in which it maintains its principal office and place of business, and, at the time the investment advisor last filed the registration form most recently filed by the investment advisor with such State in order to maintain the investment advisor's registration under the laws of such State, shall also have filed a copy of such form with the Secretary of Labor.

(iii) an investment advisor who does not meet the qualifications for an investment manager set forth in Paragraph (ii) above, provided that such investment advisor may offer investment advisory services and recommendations to the Trustee but shall have no power to cause the Trustee to act on such advice.

(b) To direct the Trustee to invest and reinvest all or any portion or portions of any of the Participant Investment Funds described in Section 4.02 held under the Trust Agreement as specified by the Investment Committee, in interests in collective investment funds, group trusts, or other entities or in other investments

directed by the Investment Committee, and to exercise ownership rights with respect to such interests or investments, all as specified by the Investment Committee;

(c) To perform any and all duties allocated to it by the Board or required of it by the provisions of this Plan, the Code, or ERISA;

(d) To allocate and delegate among or to any one or more of its members or officers, any subcommittees of the Investment Committee, and any other person or persons (including corporate persons) named by it in accordance with the provisions hereinafter, any of its powers, duties, and fiduciary responsibilities (other than trustee responsibilities), such allocation or delegation to be effected as follows:

(i) Fiduciary responsibilities may be allocated or delegated by the Investment Committee by naming in writing, including by recording in the minutes of the Investment Committee's meetings the named fiduciary to whom the responsibility is allocated or delegated, with a description of the responsibility and an outline of the duties involved;

(ii) Except where a member of the Investment Committee, the fiduciary so named shall indicate acceptance of the responsibility by executing the written instrument naming such fiduciary, whereupon such executed instrument shall be incorporated by this reference in the Plan;

(iii) For the purpose of this Section 6.04(d), a trustee responsibility is a responsibility to manage or control the assets of the Plan other than the power to appoint an investment manager in accordance with Section 6.04(a)(ii). The power to allocate or delegate responsibility to manage the Participant Investment Funds (other than the Company Stock Fund) described in Paragraph 4.02 may only be made in accordance with such Section 6.04(a)(ii); and

(iv) Such of its other powers, authority, and duties as it deems proper and desirable may be delegated to any one of its members or officers or to any officer or other administrative employee of the Employer, provided that such delegation

shall be noted in the minutes of the proceedings of the Investment Committee or other writing;

(e) To take all actions necessary to transfer Plan assets and liabilities to another qualified plan subject to, and in accordance with the provisions of applicable laws and Section 7.03, where such transfer is required in connection with any transaction or event or series of events or transactions which may from time to time be approved by the Board or approved pursuant to a delegation of authority by the Board;

(f) To take all actions necessary to amend the Plan to assume liabilities, and to direct the Trustee to accept assets, of another qualified plan subject to, and in accordance with the provisions of applicable law and Section 7.03, required in connection with any transaction or event or series of similar transactions or of similar events which may from time to time be approved by the Board or approved pursuant to a delegation of authority from the Board; and

(g) To take such further action as the Investment Committee deems appropriate, in regard to establishing and reviewing programs, guidelines, policies, and objectives for investment of Plan assets, and reviewing investment performance in terms of such programs, guidelines, policies, and objectives.

6.05 **Benefit Claims Procedure**. The claim and appeal procedure herein provided is intended to meet the requirements of ERISA and the regulations thereunder. By virtue of such requirements, the procedure provided in this Section 6.05 shall be the sole and exclusive procedure for claiming benefits or appealing any denial of a claim for benefits under the Plan. This procedure shall, in respect of all claims arising under the Plan, supersede and preempt any and all procedures for settlement of disputes or resolution of grievances under any other agreements or plans.

(a) **Claim**. 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 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.

(b) **Denial.** In the event the claim is wholly or partially denied, the Plan Administrator's written notification shall: (a) state the specific reason or reasons for the denial, (b) contain specific references to pertinent Plan provisions on which the denial is based, (c) provide a description of any additional material or information necessary for the Participant or Beneficiary to perfect the claim and an explanation of why such material or information is necessary, and (d) set forth the procedure by which the Participant or Beneficiary may appeal the denial of his claim. If no notice of denial is provided within the time period set forth above, the claim shall be deemed to be denied and the Participant or Beneficiary may proceed to appeal in accordance with Paragraph (c) below.

(c) **Appeal.** 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 such written claim denial (or the date on which such claim is deemed denied if notice is not received within the applicable time periods pursuant to Paragraph (b) above). Such Participant or Beneficiary (or his duly authorized representative) may, upon written request to the Claims Committee, review any records of the Plan Administrator or other persons to whom fiduciary responsibilities have been allocated or delegated hereunder which the Claims Committee determines are pertinent to such claim, and submit in writing issues and comments in support of his position.

The Claims Committee shall notify the Participant or Beneficiary of the Claims Committee's final decision within 60 days after receipt of the written appeal unless an extension of time is necessary due to special circumstances. If an extension is required, the Claims Committee shall notify the Participant, Beneficiary or authorized representative of the extension within the initial review period and shall explain the special circumstances requiring the extension within such initial 60-day period.

The final decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based. In addition the notice shall provide that the claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the claimant's claim for benefits, and shall contain a statement of the claimant's right to bring an action under Section 502(a) of ERISA. If the claim has not been granted and the notice is not furnished within the period of time specified above, the claim shall be deemed denied. The decision on appeal shall be binding on all parties.

(d) **Qualified Domestic Relations Order**. Since separate procedures have been adopted with respect to domestic relations orders, the service of a domestic relations order on the Plan shall not be treated as a claim for benefits as contemplated by this Section 6.05 and the foregoing procedure shall not be followed in determining whether such an order constitutes a Qualified Domestic Relations Order.

6.06 **Fiduciaries**. Persons and entities named or referred to in the Plan, including without limitation, members of the Investment Committee, members of the Claims Committee, and the Plan Administrator may from time to time act in respect of the Plan and/or the Trust Fund in a fiduciary capacity as to the operation and administration of the Plan and/or the Trust Fund, as well as in a non-fiduciary capacity on behalf of an Employer as a sponsor of the Plan and/or settlor of the Trust Fund. Except as expressly provided in the Plan, no reference in the Plan to any particular act,

duty, or responsibility by any person or entity is intended to ascribe a fiduciary or non-fiduciary role thereto.

For purposes of ERISA Section 402(a), "named fiduciaries" for the Plan shall include: the Finance Committee of the Board, insofar as it appoints the persons to serve on the Investment Committee and has oversight responsibility for review of certain actions taken by the Investment Committee; the Plan Administrator with respect to the control and management of the operation and administration of the Plan and compliance with the reporting and disclosure requirements of ERISA and the Code; the Investment Committee with respect to control and management of the Trust Fund; and the Claims Committee with respect to adjudication of claim appeals. In addition, the Trustee shall be the named fiduciary or named fiduciaries with respect to the management, control, custody, and investment of the Trust Fund or specified portions thereof, except to the extent: (a) an investment manager has been appointed to manage and/or acquire and dispose of investments as contemplated by Paragraph 6.05(h)(2), in which case such investment manager shall be the named fiduciary with respect to the management, acquisition, and disposition of such investments; or (b) the Trustee has been directed by the Investment Committee to invest or reinvest, and exercise ownership rights with respect to, interests in collective investment funds, trusts, or other entities or other investments as contemplated by Paragraph 6.05(i), in which case the Investment Committee shall be the named fiduciary with respect to the management, acquisition, and disposition of such interests and investments.

**6.07 Adequacy of Communications; Reliance on Reports and Certificates.** All notices, elections, applications, directions, or other communications given, made, filed, delivered, or transmitted by or for an Employee or Participant in pursuance of the provisions of this Plan shall not be deemed to have been duly given, made, filed, delivered, transmitted, or received unless the same shall be in writing on such form as is made available by the Plan Administrator or the Trustee for that purpose and until the same shall actually be received at the locations specified on such form.

Any person acting upon notices, directions, or other communications given, made, delivered, or transmitted by the Investment Committee may rely on any documents signed by the chairman or secretary of the Investment Committee or by any one or more of its members or Company officers or employees authorized by the Committee to certify its actions.

The Investment Committee, the Claims Committee or any of their members will be entitled to rely conclusively upon any information, including without limitation, all tables, valuations, certificates, opinions, and reports, which is furnished by the Trustee, any auditor, accountant, legal counsel, or other person who is employed or engaged for the purpose of assisting such Committees in the performance of their responsibilities hereunder and as to whom the members of the applicable Committee have no reason to doubt the competence, integrity, or responsibility.

6.08 **Indemnification**. The Company agrees to indemnify each member of the Investment Committee or the Claims Committee who is its employee or the employee of an Affiliated Company against any and all claims, loss, damage, expense, and liability from any act or failure to act unless the same is judicially determined to be the result of such member's gross negligence or willful misconduct, except as otherwise prohibited by applicable law.

6.09 **Member's Own Participation**. No member of the Investment Committee or the Claims Committee may act, vote, or otherwise influence a decision of the Committee relating solely to his own participation under the Plan.

6.10 **Elections**. Exhibit III attached hereto, entitled "Plan Elections", sets forth elections under the Plan made by the Company or its delegates or officers, including the Senior Vice-President Human Resources, the Plan Administrator or his delegates, or others (but not Participants, spouses, beneficiaries, alternate payees or other Participants or payees) in regard to elections made under the Plan or applicable law, whether or not specifically referenced in the Plan, and is designed to include only those elections required by applicable law to be specified in the Plan, but may include other elections as well.

**ARTICLE VII**  
**AMENDMENT, CORRECTION AND DISCONTINUANCE**

**7.01 Right to Amend or Terminate.**

(a) The Company intends and expects to continue the Plan indefinitely. Nevertheless, (i) the Company reserves the right to terminate the Plan or amend or modify it from time to time and (ii) each Employer reserves the right to suspend, terminate, or completely discontinue contributions under the Plan with respect to itself and its Employees and their Beneficiaries. Action to terminate the Plan may be taken only by the Board, by its resolutions, duly adopted. The Investment Committee may act on behalf of the Company and without action by or approval of the Board, to add or discontinue Participant Investment Funds. 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 on behalf of the Company by the Chairman of the Board evidenced by a resolution, certificate, new or revised Plan text, or other writing; provided that, only the Board may approve a Plan amendment which (A) would materially increase aggregate accrued benefits under, materially change the benefit formula provided by, or materially increase the cost of the Plan, so long as persons designated by the Board as "Executive Officers" for purposes of the U.S. Securities laws are Participants 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 herein assigned to the Finance Committee of the Board, the Investment Committee, the Plan Administrator, or the Claims Committee. The Chairman may delegate the authority described in the preceding sentence in writing.

(b) Notwithstanding Paragraph (a), no action to terminate, amend, or modify the Plan described therein shall adversely affect Participants who shall have retired under the Plan prior to such action, nor shall any amendment have the effect of decreasing the nonforfeitable percentage or the amount of a Participant's accounts

except as permitted by Code Section 411(d)(6) and the regulations thereunder. No amendment shall be made to this Plan which eliminates a subsidy or an optional form of benefit available to a Participant except as permitted by Code Section 411(d)(6) and the regulations thereunder.

(c) Notwithstanding any of the foregoing provisions of this Section, any modification or amendment of the Plan may be made retroactively, if necessary or appropriate to qualify or maintain the Plan and/or the Trust Fund as a plan and/or trust meeting the requirements of the Code and ERISA, or any other provision of law, as now in effect or hereafter amended or adopted, and any regulation issued thereunder. If the Plan is terminated by the Company, all amounts credited to each of such Participant's accounts in respect of Before-Tax Contributions, Roth 401(k) Contributions, After-Tax Contributions, Catch-up Contributions, Company Core Contributions, and Company Matching Contributions shall be distributed by the Trustee to any such Participant so affected by such discontinuance or to his or her designated Beneficiary as soon as practicable (to the extent permitted under applicable law), with distributions to be made in accordance with the directions of the Plan Administrator.

(d) Upon the Plan's termination or partial termination, the rights of all affected Participants to benefits accrued to the date of such termination or partial termination, to the extent not yet vested, shall be nonforfeitable.

7.02 **Corpus and Income Not to be Diverted.** Notwithstanding any power of discontinuance or amendment reserved in the Plan or Trust Agreement, it shall be impossible at any time for any part of the corpus and income of the Trust Fund held for the benefit of Participants and their Beneficiaries to be used for, or diverted to, purposes other than for the exclusive benefit of such Participants or their Beneficiaries and defraying reasonable expenses of administering the Plan. Notwithstanding the foregoing:

(a) All contributions made to the Plan are conditioned upon their deductibility in full under Code Section 404, or any statute of similar import. If all or any portion of a contribution is determined to be not deductible, the amount so determined to

be non-deductible shall be returned to the Employer, if the Employer so directs the Trustee, within one (1) year of the determination of the disallowance of the deduction.

(b) A contribution made by a mistake of fact shall be returned to the Employer within one (1) year after the payment of the contribution, if the Employer so directs the Trustee.

7.03 **Merger or Consolidation of Plan.**

(a) The Plan shall not be terminated automatically by the Company's acquisition by or merger into any other company, but the Plan shall be continued after such merger if the successor company agrees to continue the Plan. All rights to amend, modify, suspend, or terminate the Plan shall be transferred to the successor company, effective as of the date of the merger, without the need for a specific Plan amendment.

(b) The Plan shall not merge or consolidate with, or transfer its assets or liabilities to, any other plan unless each Participant would (if the Plan then terminated) be entitled to receive a benefit after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had been terminated).

7.04 **Correction.** Any operational or qualification defect or failure of this Plan of any kind whatsoever may be corrected pursuant to any program of voluntary correction sponsored by the Internal Revenue Service or the Department of Labor, or any other agency of the Federal government or pursuant to applicable law, regulations or rulings, to the extent determined by, and at the sole discretion of, the Chairman of the Board.

**ARTICLE VIII**  
**GENERAL PROVISIONS**

8.01 **Nonalienation of Benefits**. Except as may be otherwise required by law, no benefit payable under the Plan or any interest of any Participant arising out of or created by this Plan, either before or after retirement, shall be subject, either voluntarily or involuntarily, to anticipation, assignment, pledge, execution, attachment, garnishment, or alienation. Any attempt to assign or alienate a benefit payable under the Plan shall be void. Also, except as may otherwise be required by law, no such benefit or interest will in any manner be liable for or subject to the debts, liabilities, contract, engagements, or torts of any Participant. This Section 8.01 also shall apply to the creation, assignment, or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order, unless such order is determined by the Plan Administrator to be a Qualified Domestic Relations Order. In the case of a Qualified Domestic Relations Order, distributions shall be made in accordance with and shall be governed by procedures adopted by the Plan Administrator. Notwithstanding any other provisions of the Plan, to the extent permitted under the provisions of Code Sections 401(a)(13)(C) and (D), or under other applicable law, a Participant or Beneficiary may have his benefits reduced in the event of his willful breach of fiduciary duty to the Plan or his criminal act against the Plan.

8.02 **Payments to Minors, Incompetents, and Related Situations**. If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor, is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is unable to care for his affairs because of illness, accident, mental disability, or similar circumstances, such benefits shall be paid to such person as the Plan Administrator shall designate or to the duly appointed guardian. Such payment shall be deemed a complete discharge of any liability for such benefits under the Plan.

8.03 **Unclaimed Accounts - Trust Funds**. No interest shall accrue to or for the account of Participants or their Beneficiaries during any period that any distribution hereunder shall remain unclaimed. If any distribution made by the Trustee from any of

the Participant Investment Funds remains unclaimed for a period of six (6) months, the Trustee shall notify the Plan Administrator, who will promptly attempt to locate the person entitled to receive such distribution.

8.04 **No Guarantee of Employment.** The Plan shall not be deemed to be in consideration of, or an inducement for, the employment of any person by the Company or any Affiliated Company. Nothing contained in the Plan shall be deemed to give any employee the right to be retained in the service of the Company or any Affiliated Company or to interfere with the right of the Company or any Affiliated Company to discharge or to terminate the service of any employee at any time without regard to the effect such discharge or termination may have on any rights under the Plan.

8.05 **Governing Law.** The Plan, the Trust Agreement, and all amendments thereto shall be construed, whenever possible, to be in conformity with the requirements of the Code and ERISA, and according to the laws of the Commonwealth of Pennsylvania (including its statute of limitations provisions, but excluding its choice of law provisions) to the extent not preempted by applicable federal law.

8.06 **Gender, Number, and Headings.**

(a) As used herein, the pronouns “he”, “him”, or “his”, referring to an Employee, Participant, Beneficiary, or any other person, shall also be deemed to refer to and include the feminine gender.

(b) Whenever any words are used herein in the singular or plural, they shall be construed as if they were also used in the plural or singular, respectively, in all cases where applicable.

(c) Headings of Articles and Sections of the Plan are inserted for convenience of reference only and as such they constitute no part of the Plan and are not to be considered in the meaning or construction thereof.

(d) Any reference to the Code or ERISA or a section thereunder or a regulation thereunder shall also refer to any successor statute, successor section, or successor regulation.

8.07 **Severability**. Each provision of the Plan shall be independent of each other provision of the Plan and if any provision of the Plan proves to be, or is held by any court, tribunal, board, or authority of competent jurisdiction to be, void or invalid as to any Participant or group of Participants, such provision shall be disregarded and deemed to be null and void and not part of the Plan; but such invalidation of any such provision shall not otherwise impair or affect this Plan or any of the other provisions or terms hereof.

8.08 **Obligations of the Employer**. No Employer shall have any liability with respect to payments of benefits under the Plan and each Participant and Beneficiary shall look solely to the Trust Fund for any payments or benefits under the Plan. Upon total or partial termination of the Plan, no Employer shall have any further liability either to provide benefits to those employees affected by such total or partial termination (whether or not such benefits are then in pay status) or to make any further contributions to or under the Plan in respect of such employees.

8.09 **Effective Date**. The amended and restated Plan as herein set forth is effective as of January 1, 2022, except for provisions which indicate a later effective date.

8.10 **Uniformed Services Employment and Reemployment Rights Act**. Notwithstanding any provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

8.11 **Use of Electronic Media; Adjustment of Certain Time Periods**. Notwithstanding any provision herein which requires notices, consents, elections, or other actions under the Plan to be effectuated through a writing, such notices, consents, elections, or other actions may be effectuated through the use of electronic media, if so

provided in procedures established by the Plan Administrator consistent with Department of Labor or Internal Revenue Service pronouncements or other applicable law. Moreover, any time periods set forth herein for providing notices, making elections, granting consents, or taking other actions which are based upon time limits established under applicable law shall be deemed to be automatically amended, without the necessity of a formal amendment, to reflect any subsequent modification of those deadlines through Department of Labor or Internal Revenue Service pronouncements or other changes in applicable law.

**IN WITNESS WHEREOF**, this Air Products and Chemicals, Inc. Retirement Savings Plan, as amended and restated effective January 1, 2022, has been duly executed on behalf of Air Products and Chemicals, Inc. on this day of December 2021.

**AIR PRODUCTS AND CHEMICALS, INC.**

By: \_\_\_\_\_  
Senior Vice President- Human Resources

Date: \_\_\_\_\_

## APPENDIX A

### PARTICIPANT INVESTMENT FUNDS Effective as of January 1, 2016

#### **Tier 1 – Life Cycle Investment Options**

- *SSgA Target Retirement Income Securities Lending Series Fund Class I*
- *SSgA Target Retirement 2020 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2025 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2030 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2035 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2040 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2045 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2050 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2055 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2060 Securities Lending Series Fund Class II*
- *SSgA Target Retirement 2065 Securities Lending Series Fund Class II*

#### **Tier 2 – Core Investment Options- Passively Managed**

- Spartan® 500 Index Fund (Ticker Symbol: FXAIX)
- Spartan ®Extended Market Index Fund (Ticker Symbol: FSEVX)
- Vanguard Total Bond Market Index Fund (Ticker Symbol: VBTIX)
- Vanguard Total International Stock Index Fund (Ticker Symbol: VTSNX)

#### **Tier 3- Core Investment Options- Actively Managed**

- Dodge & Cox Balanced Fund (Ticker Symbol: DODBX)
- Fidelity® International Discovery Commingled Pool
- JPMCB Large Cap Growth Fund
- Principal MidCap Blend Fund Institutional Class (Ticker Symbol: PCBIX)
- Pyramis Small Capitalization Core Commingled Pool
- Stable Value Fund
- Vanguard Windsor II Fund – Admiral Shares (Ticker Symbol: VWNAX)
- Western Asset Core Plus Bond – CIF R1

#### **Tier 4 – Other Investment Options**

- Air Products Company Stock Fund
- Fidelity BrokerageLink®
- Fidelity Money Market Trust Retirement Government Money Market Portfolio

The Qualified Default Investment Alternative is the Tier 1 – Life Cycle Investment Option. Contributions will be invested in a particular fund within that Tier based on the Participant's age in accordance with procedures determined by the Plan Administrator

**EXHIBIT I**  
**ELIGIBLE NONUNION HOURLY LOCATIONS DESIGNATED**  
**BY SENIOR VICE PRESIDENT - HUMAN RESOURCES**  
**EFFECTIVE AS OF January 1, 2016:**

	<u>Designated Terminal</u> <u>For 125% of Base Salary</u>
ADAMS, NE	YES
ASHLAND, KY	YES
BEATRICE, NE	YES
BETHLEHEM, PA	YES
BOUNTIFUL, UT	YES
BOZRAH, CT	YES
BROOKHAVEN, MS	YES
BURNS HARBOR, IN	NO
BUTLER, IN	YES
BUTLER, PA	YES
CAMDEN, SC	YES
CARTERSVILLE, GA	YES
CHANDLER, AZ	YES
CLAREMONT, MN	YES
CONVENT, LA	NO
CONVENT, LA (Drivers)	YES
CONYERS, GA	YES
CREIGHTON, PA	YES
DECATUR, AL	YES
DEER PARK, TX	NO
EAGAN, MN	YES
GLENMONT, NY	YES
GRAY, TN	YES
LANCASTER, PA	YES
LANCASTER, PA (Express Services)	NO
LAPORTE, TX	YES
LASALLE, IL	YES
LIBERAL, KS	YES
LONG BEACH, CA	YES
MALTA BEND, MO	YES
MANALAPAN, NJ	NO
MARION, IN	YES
MCINTOSH, AL	YES
MEDINA, NY	YES
MEMPHIS, TN	YES
MIDLOTHIAN, TX	YES
MILTON (CO2), WI	YES
MONROE, WI	YES
MOORELAND, OK	YES
NEVADA, IA	YES
NEW MARTINSVILLE, WV	YES

NIAGARA FALLS, NY	YES
OAK CREEK, WI	YES
ORLANDO, FL	YES
PACE, FL	YES
PARKERSBURG, WV	YES
PRYOR, OK	YES
PUYALLUP, WA	YES
REIDSVILLE, NC	YES
SHAKOPEE, MN	YES
SMITHVILLE, MO	YES
SPARROWS POINT, MD (Drivers)	YES
SUFFIELD, CT	YES
UNION CITY, IN	YES
YORK, NE	YES

**EXHIBIT II**  
**FORMS OF DISTRIBUTION AVAILABLE TO PARTICIPANTS WHO HAD AMOUNTS TRANSFERRED TO THE PLAN FROM THE IGS SAVINGS PLAN**

(i) **Forms of Payments to Participants.** Participants who were previously participants in the IGS Savings Plan shall continue to have available under the Plan the forms of payment which were available under the IGS Savings Plan, in addition to the forms of benefit provided for in Article V of the Plan; provided, however, that distribution shall automatically be made in the form of a lump sum if the value of the aggregate amounts credited to the Participant's Plan accounts does not exceed the amount set forth in Paragraph 3.10(c) of the Plan. Such forms of payment shall be available with respect to the balance of the Participant's account which was transferred from the IGS Savings Plan to the Plan in connection with the merger of the IGS Savings Plan effective March 31, 2000.

Any distributions made pursuant to this Exhibit II or under Article V must satisfy the requirements of Code Section 401(a)(9) and the regulations thereunder, including the minimum distribution incidental benefit requirement. The former IGS Savings Plan Participant shall have the ability to recalculate annually the life expectancy of the Participant and the Participant's Spouse. Any recalculation of life expectancy shall be done in accordance with Code Section 401(a)(9) and the regulations thereunder.

(1) **Normal Form of Payment.** Unless the Participant elects otherwise the aggregate amount credited to the Participant's Plan accounts shall be made in a lump sum. The normal form of payment shall be automatic, unless the Participant files a written request with the Administrator prior to the date on which the aggregate amounts credited to the Participant's Plan accounts are automatically payable, electing an optional form of payment.

(2) **Optional Forms of Payment.**

(a) The Participant shall have the right to receive the aggregate amounts credited to his or her Participant Plan accounts in monthly, quarterly, semi-

annual or annual payments from the Plan over any period not extending beyond the life expectancy of the Participant and his or her Beneficiary.

(b) A direct rollover will be available to the Participant and/or the Spouse under the terms of Section 5.03.

(ii) **Forms of Death Benefit Distributions.**

(1) **Spousal Death Benefit.** On the death of a Participant, the aggregate amounts credited to the Participant's Plan accounts will be paid to the Participant's Surviving Spouse, or if the Surviving Spouse has consented in a manner conforming to a Qualified Election, then to the Participant's Designated Beneficiary.

The Surviving Spouse may elect to have distribution of the aggregate amounts credited to the Participant's Plan Accounts commence within the 90-day period following the date of the Participant's death. The aggregate amount credited to the Participant's Plan Accounts shall be adjusted for gains or losses occurring after the Participant's death in accordance with the provisions of the Plan governing the adjustment of account balances for other types of distributions.

The Participant may waive the spousal death benefit described in this Section B(1) of this Exhibit II at any time provided that no such waiver shall be effective unless it is a Qualified Election.

(2) **Qualified Election.** Any election to waive the spousal death benefit of Section B(2) of this Exhibit II shall not be effective unless:

(a) the Participant's Spouse consents in writing to the election;

(b) the election designates a specific beneficiary, including any class of beneficiaries or any contingent beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent);

- (c) the Spouse's consent acknowledges the effect of the election.

If it is established to the satisfaction of the Administrator that there is no Spouse or that the Spouse cannot be located, a waiver will be deemed a Qualified Election. Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by such Spouse has the right to limit consent to a specific beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited.

(iii) **Other Distribution Provisions.**

(1) **Participant Dies After Distribution Has Begun.** In the event a Participant dies after the distribution of the aggregate amounts credited to the Participant's Plan accounts pursuant to Code Section 401(a)(9) has begun, the distribution of the such aggregate amounts will continue to be distributed at least as rapidly as under the method of distribution being used prior to the Participant's death.

(2) **Participant Dies Before Distribution Has Begun.** In the event a Participant dies before the distribution of the aggregate amounts credited to the Participant's Plan accounts pursuant to Code Section 401(a)(9) has begun, the distribution of the such aggregate amounts will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death except to the extent that an election is made to receive distributions in accordance with (a) or (b) below.

(a) If any portion of the aggregate amounts credited to the Participant's Plan accounts is payable to a Designated Beneficiary, distributions may be made over the life or over a period certain not greater than the life expectancy of the

Designated Beneficiary commencing on or before December 31 of the calendar year immediately following the calendar year in which the Participant died;

(b) If the Designated Beneficiary is the Participant's Surviving Spouse, the date distributions are required to begin in accordance with (a) above shall not be earlier than the later of (1) December 31 of the calendar year immediately following the calendar year in which the Participant died or (2) December 31 of the calendar year in which the Participant would have attained age 72 (70 ½ prior to January 1, 2020). If the Participant has not made an election pursuant to this Section C(2) of this Exhibit II by the time of his or her death, the Participant's Designated Beneficiary must elect the method of distributions no later than the earlier of: (1) December 31 of the calendar year in which distributions would be required to begin under this section, or (2) December 31 of the calendar year which contains the fifth anniversary of the date of death of the Participant. If the Participant has no Designated Beneficiary, or if the Designated Beneficiary does not elect a method of distribution, then distributions of the aggregate amounts credited to the Participant's Plan accounts must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

For purposes of this Section C(2) of this Exhibit II, if the Surviving Spouse dies after the Participant, but before the payments to such Spouse begin, the provisions of this Section C(2) of this Exhibit II with the exception of paragraph (b) therein, shall be applied as if the Surviving Spouse were the Participant. For the purposes of Sections C(1) and C(2) of this Exhibit II, distribution of the aggregate amounts credited to the Participant's Plan accounts is considered to begin on the last Business Day of March of the calendar year, which follows the calendar year in which the Participant would have attained age 72 (70 ½ prior to January 1, 2020) (or, if the preceding sentence is applicable, the date distribution is required to begin to the Surviving Spouse)

(3) **Payment to Minor.** For purposes of this Exhibit II, if an amount is payable to either a minor or an individual who has been declared incompetent, the benefits shall be paid to the legally appointed guardian for the benefit of said minor or incompetent individual, unless the court which appointed the guardian has ordered otherwise.

(4) **Definitions.** For purposes of this Exhibit II, the following definitions shall apply:

(a) Designated Beneficiary - The individual who is designated as the beneficiary under the Plan in accordance with Code Section 401(a)(9) and the regulations thereunder.

(b) Spouse or Surviving Spouse - The Spouse or Surviving Spouse of the Participant, provided that a former Spouse will be treated as the Spouse or Surviving Spouse and a current Spouse will not be treated as the Spouse or Surviving Spouse to the extent provided under a Qualified Domestic Relations Order as described in Code Section 414(p).

**EXHIBIT III**

**PLAN ELECTIONS**

The following elections have been made in accordance with various sections of the Plan and are applicable only with respect to the Plan Years specifically indicated below, except as otherwise required by applicable law:

Year Election Applies	Applicable Plan Section	Election
1997	3.07(b)(i),(ii), and (iii) (pages 30-33)	Current year data used to perform ADP, ACP, and multiple use testing.

This Exhibit III may be revised from time to time by the Senior Vice President - Human Resources without amendment to the Plan, provided his/her signature appears below along with the Signature Date.

**SCHEDULE I  
PARTICIPATING EMPLOYERS  
AS OF 1 JANUARY 2016**

<b>Name of Affiliated Company</b>	<b>Participating Employer Since Date</b>	<b>Revocation Date</b>
ProCal	2 March 2015	N/A
Air Products Energy Enterprising, Inc.	Continuing	N/A
Air Products Helium, Inc.	Continuing	N/A
Air Products Manufacturing Co., Inc.	Continuing	N/A
Air Products LLC	1 June 2007	N/A
Air Products Performance Manufacturing, Inc. (formerly known as "Tomah Products, Inc." and "Tomah Reserve, Inc.")	1 April 2006	N/A
Versum Materials US, LLC	1 August 2016	1 October 2016

**Schedule II**  
**Employer Discretionary Contribution**

1. Nov 20, 2020, Memorandum of Agreement between Air Products and the International Association of Machinists and Aerospace Workers, Local 917 (Union). One-time Employer Discretionary Contribution for certain employees whose employment terminates on January 31, 2021.
2. Nov 20, 2020, Memorandum of Agreement between Air Products and the International Association of Machinists and Aerospace Workers, Local 917 (Union). One-time Employer Discretionary Contribution for certain employees whose employment terminates on September 10, 2021.

**PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION**

I, Seifi Ghasemi, certify that:

1. I have reviewed this Quarterly Report 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: 4 February 2022

/s/ Seifi Ghasemi

Seifi Ghasemi

Chairman, President and Chief Executive Officer

**PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION**

I, Melissa N. Schaeffer, certify that:

1. I have reviewed this Quarterly Report 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: 4 February 2022

/s/ Melissa N. Schaeffer

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Melissa N. Schaeffer

Senior Vice President and Chief Financial Officer

