Table of Contents

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

FORM 10-Q

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

For the quarterly period ended 30 June 2011

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 1-4534

AIR PRODUCTS AND CHEMICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes _ü_ No __

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

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

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

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

Class	Outstanding at July 18, 2011
Common Stock, $1 par value	213,132,964

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
INDEX

Table of Contents

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

(Millions of dollars, except for share data)	30 June 2011	30 September 2010
Assets		
Current Assets		
Cash and cash items	$ 430.1	$ 374.3
Trade receivables, less allowances for doubtful accounts	1,649.8	1,481.9
Inventories	639.6	571.6
Contracts in progress, less progress billings	145.3	163.6
Prepaid expenses	101.2	70.3
Other receivables and current assets	310.5	372.1
Total Current Assets	3,276.5	3,033.8
Investments in Net Assets of and Advances to Equity Affiliates	1,035.6	912.8
Plant and Equipment, at cost	17,536.0	16,309.7
Less: Accumulated depreciation	10,011.8	9,258.4
Plant and Equipment, net	7,524.2	7,051.3
Goodwill	969.1	914.6
Intangible Assets, net	295.0	285.7
Noncurrent Capital Lease Receivables	948.1	770.4
Other Noncurrent Assets	403.0	537.3
Total Assets	$14,451.5	$13,505.9
Liabilities and Equity		
Current Liabilities		
Payables and accrued liabilities	$ 1,582.7	$ 1,702.0
Accrued income taxes	77.7	73.6
Short-term borrowings	430.4	286.0
Current portion of long-term debt	13.0	182.5
Total Current Liabilities	2,103.8	2,244.1
Long-Term Debt	4,054.3	3,659.8
Other Noncurrent Liabilities	1,425.6	1,569.3
Deferred Income Taxes	470.8	335.1
Total Liabilities	8,054.5	7,808.3
Commitments and Contingencies – See Note 10		
Air Products Shareholders' Equity		
Common stock (par value $1 per share; 2011 and 2010 – 249,455,584 shares)	249.4	249.4
Capital in excess of par value	800.1	802.2
Retained earnings	8,397.4	7,852.2
Accumulated other comprehensive income (loss)	(865.4)	(1,159.4)
Treasury stock, at cost (2011 – 36,322,620 shares; 2010 – 35,652,719 shares)	(2,349.3)	(2,197.5)
Total Air Products Shareholders' Equity	6,232.2	5,546.9
Noncontrolling Interests	164.8	150.7
Total Equity	6,397.0	5,697.6
Total Liabilities and Equity	$14,451.5	$13,505.9

The accompanying notes are an integral part of these statements.

Table of Contents

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

	Three Months Ended 30 June		Nine Months Ended 30 June	
(Millions of dollars, except for share data)	2011	2010	2011	2010
Sales	$2,577.8	$2,252.3	$7,470.8	$6,674.8
Cost of sales	1,882.1	1,611.0	5,405.1	4,808.3
Selling and administrative	252.9	241.2	756.9	725.7
Research and development	29.3	29.3	86.4	82.8
Net loss on Airgas transaction	—	37.9	48.5	61.3
Customer bankruptcy	—	(1.8)	—	(1.8)
Pension settlement	—	6.3	—	6.3
Other income, net	3.3	8.0	23.0	29.8
Operating Income	416.8	336.4	1,196.9	1,022.0
Equity affiliates' income	39.7	32.5	99.2	91.6
Interest expense	26.5	30.0	86.9	91.1
Income from Continuing Operations before Taxes	430.0	338.9	1,209.2	1,022.5
Income tax provision	103.9	77.6	295.7	246.0
Income from Continuing Operations	326.1	261.3	913.5	776.5
Income from Discontinued Operations, net of tax	8.9	—	8.9	—
Net Income	335.0	261.3	922.4	776.5
Less: Net Income Attributable to Noncontrolling Interests	8.5	8.1	23.0	19.5
Net Income Attributable to Air Products	$ 326.5	$ 253.2	$ 899.4	$ 757.0
Net Income Attributable to Air Products				
Income from continuing operations	$ 317.6	$ 253.2	$ 890.5	$ 757.0
Income from discontinued operations	8.9	—	8.9	—
Net Income Attributable to Air Products	$ 326.5	$ 253.2	$ 899.4	$ 757.0
Basic Earnings Per Common Share Attributable to Air Products				
Income from continuing operations	$ 1.50	$ 1.19	$ 4.17	$ 3.57
Income from discontinued operations	.04	—	.04	—
Net Income Attributable to Air Products	$ 1.54	$ 1.19	$ 4.21	$ 3.57
Diluted Earnings Per Common Share Attributable to Air Products				
Income from continuing operations	$ 1.46	$ 1.17	$ 4.08	$ 3.49
Income from discontinued operations	.04	—	.04	—
Net Income Attributable to Air Products	$ 1.50	$ 1.17	$ 4.12	$ 3.49
Weighted Average of Common Shares Outstanding (in millions)	212.5	212.3	213.5	212.0
Weighted Average of Common Shares Outstanding Assuming Dilution (in millions)	217.3	216.9	218.4	216.9
Dividends Declared Per Common Share – Cash	$ .58	$ .49	$ 1.65	$ 1.43

The accompanying notes are an integral part of these statements.

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

(Millions of dollars)	Three Months Ended 30 June 2011	Three Months Ended 30 June 2010
Net Income	$ 335.0	$ 261.3
Other Comprehensive Income (Loss), net of tax:		
Translation adjustments, net of tax (benefit) of $(11.5) and $79.1	103.0	(195.7)
Net gain (loss) on derivatives, net of tax (benefit) of $3.9 and $(9.7)	5.3	(16.0)
Unrealized holding loss on available-for-sale securities, net of tax benefit of $(1.2)	—	(2.0)
Pension and postretirement benefits, net of tax of $2.6	—	4.1
Reclassification adjustments:		
Currency translation adjustment	—	(.7)
Derivatives, net of tax (benefit) of $(3.3) and $9.4	(4.9)	15.7
Pension and postretirement benefits, net of tax of $8.7 and $8.7	16.8	16.1
Total Other Comprehensive Income (Loss)	120.2	(178.5)
Comprehensive Income	455.2	82.8
Comprehensive Income Attributable to Noncontrolling Interests	11.9	5.7
Comprehensive Income Attributable to Air Products	$ 443.3	$ 77.1

(Millions of dollars)	Nine Months Ended 30 June 2011	Nine Months Ended 30 June 2010
Net Income	$ 922.4	$ 776.5
Other Comprehensive Income (Loss), net of tax:		
Translation adjustments, net of tax of $31.6 and $135.7	267.4	(126.5)
Net (loss) on derivatives, net of tax (benefit) of $5.3 and $(14.5)	7.7	(25.3)
Unrealized holding gain (loss) on available-for-sale securities, net of tax (benefit) of $(3.3) and $8.4	(4.6)	14.5
Pension and postretirement benefits, net of tax of $2.6	—	4.1
Reclassification adjustments:		
Currency translation adjustment	—	(.7)
Derivatives, net of tax (benefit) of $(0.3) and $13.1	0.5	23.5
Available-for-sale securities, net of tax benefit of $(9.3)	(16.1)	—
Pension and postretirement benefits, net of tax of $26.1 and $21.3	50.4	39.8
Total Other Comprehensive Income (Loss)	305.3	(70.6)
Comprehensive Income	1,227.7	705.9
Comprehensive Income Attributable to Noncontrolling Interests	34.3	17.6
Comprehensive Income Attributable to Air Products	$1,193.4	$ 688.3

The accompanying notes are an integral part of these statements.

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

(Millions of dollars)	Nine Months Ended 30 June 2011	Nine Months Ended 30 June 2010
Operating Activities		
Net Income	$ 922.4	$ 776.5
Less: Net income attributable to noncontrolling interests	23.0	19.5
Net income attributable to Air Products	$ 899.4	$ 757.0
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation and amortization	657.3	648.8
Deferred income taxes	74.2	80.7
Undistributed earnings of unconsolidated affiliates	(18.4)	(35.2)
Gain on sale of assets and investments	(6.1)	(9.1)
Share-based compensation	33.1	36.6
Noncurrent capital lease receivables	(155.7)	(72.7)
Net loss on Airgas transaction	48.5	61.3
Payment of acquisition-related costs	(156.2)	(8.8)
Other adjustments	59.4	39.3
Working capital changes that provided (used) cash, excluding effects of acquisitions and divestitures:		
Trade receivables	(105.5)	(151.3)
Inventories	(43.9)	(9.5)
Contracts in progress, less progress billings	20.9	4.6
Other receivables	3.0	(8.4)
Payables and accrued liabilities	(167.6)	(315.9)
Other working capital	(13.7)	15.8
Cash Provided by Operating Activities	1,128.7	1,033.2
Investing Activities		
Additions to plant and equipment	(965.3)	(757.2)
Acquisitions, less cash acquired	(9.9)	(37.2)
Investment in and advances to unconsolidated affiliates	(46.0)	(4.7)
Investment in Airgas stock	—	(69.6)
Proceeds from sale of Airgas stock	94.7	—
Proceeds from sale of assets and investments	62.3	32.6
Change in restricted cash	13.0	28.2
Cash Used for Investing Activities	(851.2)	(807.9)
Financing Activities		
Long-term debt proceeds	59.2	110.9
Payments on long-term debt	(182.4)	(109.8)
Net increase (decrease) in commercial paper and short-term borrowings	411.9	(50.0)
Dividends paid to shareholders	(333.0)	(294.6)
Purchase of treasury stock	(350.0)	—
Proceeds from stock option exercises	124.4	42.3
Excess tax benefit from share-based compensation	40.3	11.1
Other financing activities	(2.8)	(9.9)
Cash Used for Financing Activities	(232.4)	(300.0)
Effect of Exchange Rate Changes on Cash	10.7	(8.2)
Increase (Decrease) in Cash and Cash Items	55.8	(82.9)
Cash and Cash Items – Beginning of Year	374.3	488.2
Cash and Cash Items – End of Period	$ 430.1	$ 405.3
Supplemental Cash Flow Information		
Significant noncash transactions:		
Short-term borrowings associated with SAGA acquisition	$ —	$ 54.6
Noncurrent liability related to the purchase of shares from noncontrolling interests	—	39.8

The accompanying notes are an integral part of these statements.

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

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

1. BASIS OF PRESENTATION AND MAJOR ACCOUNTING POLICIES

Refer to our 2010 Form 10-K for a description of major accounting policies. There have been no material changes to these accounting policies during the first nine months of 2011. Beginning in fiscal year 2011, we moved from a lattice-based option valuation model to a Black Scholes model to value stock option awards. The change in valuation models was not significant to our consolidated financial statements. Refer to Note 11, Share-Based Compensation, for further details on this change in accounting estimate.

The 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 (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. In 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 disclosure to make the information presented not misleading. Adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the Notes. The interim results for the periods indicated herein, however, do not reflect certain adjustments, such as the valuation of inventories on the LIFO cost basis, which can only be finally determined on an annual basis. The consolidated financial statements and related Notes included herein should be read in conjunction with the financial statements and Notes thereto included in our latest Form 10-K in order to fully understand the basis of presentation. Results of operations for interim periods are not necessarily indicative of the results of operations for a full year.

2. NEW ACCOUNTING GUIDANCE

Accounting Guidance Implemented

CONSOLIDATION OF VARIABLE INTEREST ENTITIES

In June 2009, the FASB issued authoritative guidance that amends previous guidance for determining whether an entity is a variable interest entity (VIE). It requires an enterprise to perform an analysis to determine whether the company's variable interests give it a controlling financial interest in a VIE. A company would be required to assess whether it has an implicit financial responsibility to ensure that a VIE operates as designed when determining whether it has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. In addition, ongoing reassessments of whether an enterprise is the primary beneficiary of a VIE are required. This guidance was effective for us on 1 October 2010. The adoption of this guidance did not have a material impact on our consolidated financial statements.

MULTIPLE-DELIVERABLE REVENUE ARRANGEMENTS

In October 2009, the FASB issued authoritative guidance on multiple-deliverable revenue arrangements. This new guidance amends the existing criteria for separating consideration received in multiple-deliverable arrangements and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables based on their relative selling price. The guidance establishes a hierarchy for determining the selling price of a deliverable which is based on vendor-specific objective evidence, third-party evidence, or management estimates. Expanded disclosures related to multiple-deliverable revenue arrangements are also required. This guidance was effective for us on 1 October 2010. Upon adoption, the guidance was applied prospectively from the beginning of the fiscal year for new or materially modified arrangements. The adoption of this guidance did not have a material impact on our consolidated financial statements.

New Guidance to Be Implemented

STATEMENT OF COMPREHENSIVE INCOME

In June 2011, the FASB issued authoritative guidance that amends previous guidance for the presentation of comprehensive income. It eliminates the current option to present other comprehensive income in the statement of changes in equity. Under this revised guidance, an entity will have the option to present the components of net income and other comprehensive income in either a single continuous statement of comprehensive income or in two separate but consecutive financial statements. The standard is effective for us beginning in the first quarter of fiscal year 2013. We are currently evaluating the alternatives for adopting the guidance, but we do not anticipate a material impact to our consolidated financial statements upon adoption.

Table of Contents

Fair Value Measurements

In May 2011, the FASB issued authoritative guidance that amends previous guidance for fair value measurement and disclosure requirements. The revised guidance changes certain fair value measurement principles, clarifies the application of existing fair value measurements and expands the disclosure requirements, particularly for Level 3 fair value measurements. This standard is effective for us beginning in the second quarter of fiscal year 2012. We are currently evaluating the impact of this guidance, but we do not anticipate a material impact to our consolidated financial statements upon adoption.

3. AIRGAS TRANSACTION

In February 2010, we commenced a tender offer to acquire all the outstanding common stock of Airgas, Inc. (Airgas), including the associated preferred stock purchase rights, for $60.00 per share in cash, less any required withholding tax. The offer was subject to certain terms and conditions set forth in the Offer to Purchase dated 11 February 2010, as amended, including Airgas' redemption of the preferred stock purchase rights or such rights otherwise being inapplicable to our purchase of Airgas stock. Airgas, a Delaware company, is the largest U.S. distributor of industrial, medical, and specialty gases, and hard goods. On 9 December 2010, we increased the value of our tender offer to $70.00 per share. At this price, the total value of the transaction would have been approximately $7.8 billion, including $6.1 billion of equity and $1.7 billion of assumed debt. Based on a decision by the Delaware Chancery Court to uphold the decision of Airgas' Board of Directors to retain the preferred stock purchase rights, we withdrew our offer on 15 February 2011.

In connection with the tender offer, we had secured committed financing in the form of a $6.7 billion term loan credit facility. Refer to Note 15, Debt, in our 2010 Form 10-K for additional information on this credit facility which would have expired 4 February 2011. On 3 February 2011, we entered into an amended and restated credit agreement providing for an amended $6.7 billion term loan credit facility with a maturity date of 4 June 2011. The amended credit facility agreement contained the same covenants as the original agreement: one financial covenant, a maximum leverage ratio, and other affirmative and negative covenants, including restrictions on liens and certain subsidiary indebtedness. No additional underwriting fees were incurred in relation to the amended agreement. On 16 February 2011, in connection with the termination of the offer to purchase all outstanding shares of common stock of Airgas, the credit facility was terminated. No early termination penalties were incurred and all fees previously accrued and due under the credit facility were paid as of the date of termination.

Prior to the tender offer, we purchased approximately 1.5 million shares of Airgas stock for a total cost of $69.6. This amount was recorded as an available-for-sale investment within other noncurrent assets on the consolidated balance sheet. On 16 February 2011, we sold the 1.5 million shares of Airgas stock for total proceeds of $94.7 and recognized a gain of $25.1 ($15.9 after-tax, or $.07 per share).

For the nine months ended 30 June 2011, a net loss of $48.5 ($31.6 after-tax, or $.14 per share) was recognized related to this transaction. This amount is reflected separately on the consolidated income statement as "Net loss on Airgas transaction" and includes amortization of the fees related to the term loan credit facility, the gain on the sale of Airgas stock, and other acquisition-related costs. For the year ended 30 September 2010, $96.0 ($60.1 after-tax, or $.28 per share) in expense was recognized in relation to this transaction. For the nine months ended 30 June 2011 and 2010, cash payments for the acquisition-related costs were $156.2 and $8.8, respectively. These payments are classified as operating activities on the consolidated statements of cash flows.

4. BUSINESS COMBINATIONS

In the second quarter of 2010, we entered into agreements that enabled us to acquire 100% of the outstanding shares of the French SAGA group (SAGA), which consists of SAGA, SAGA Medical, and SAGA Technologies. SAGA is an independent industrial gas provider in France with packaged gases, liquid/bulk, and medical businesses. The acquisition of SAGA supports the Merchant Gases segment's integration strategy by enhancing its market position in southwest and central France. SAGA revenues for calendar year 2009 were approximately €25 million, or $35.

Under the terms of these agreements, we purchased 51.47% of the shares of SAGA on 1 March 2010 for €34.5 million or $47.2 ($25.0 net of cash acquired of $22.2). The remaining shares were purchased on 30 November 2010 for a fixed price of €44.8 million, or approximately $62. At 30 September 2010, this structure was accounted for as a financing of the purchase of the remaining shares and reported within short-term borrowings on the consolidated balance sheet.

5. INVENTORIES

The components of inventories are as follows:

	30 June 2011	30 September 2010
Inventories at FIFO Cost		
Finished goods	$452.1	$405.3
Work in process	30.9	29.3
Raw materials and supplies	233.3	208.2
	716.3	642.8
Less: Excess of FIFO cost over LIFO cost	(76.7)	(71.2)
	$639.6	$571.6

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

6. GOODWILL

Changes to the carrying amount of consolidated goodwill by segment for the nine months ended 30 June 2011 are as follows:

	30 September 2010	Acquisitions and Adjustments	Currency Translation	30 June 2011
Merchant Gases	$595.7	$—	$39.1	$634.8
Tonnage Gases	15.5	—	1.0	16.5
Electronics and Performance Materials	303.4	2.0	12.4	317.8
	$914.6	$2.0	$52.5	$969.1

Goodwill is subject to impairment testing at least annually. In addition, goodwill is tested more frequently if a change in circumstances or the occurrence of events indicates that potential impairment exists.

7. 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 minimize the cash flow volatility to 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 determining the appropriate 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. The maximum remaining term of any forward exchange contract currently outstanding at 30 June 2011 is 1.6 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 contracts is the Euro/U.S. Dollar.

In addition to the foreign exchange contracts that are designated as hedges, we also hedge foreign currency exposures utilizing forward exchange contracts that are not designated as hedges. These contracts are used to hedge foreign currency-denominated monetary assets and liabilities, primarily working capital. The primary objective of these forward contracts is to protect the value of foreign currency-denominated monetary assets and liabilities from the effects of volatility in foreign exchange rates that might occur prior to their receipt or settlement. This portfolio of forward exchange contracts is comprised of many different foreign currency pairs with a profile that changes from time to time depending on business activity and sourcing decisions.

Table of Contents

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

	30 June 2011		30 September 2010	
	US$ Notional	Years Average Maturity	US$ Notional	Years Average Maturity
Forward exchange contracts:				
Cash flow hedges	$1,358.3	.4	$1,605.5	.5
Net investment hedges	696.4	2.2	648.5	3.0
Hedges not designated	292.6	.1	373.6	.2
Total Forward Exchange Contracts	$2,347.3	.9	$2,627.6	1.1

In addition to the above, we use foreign currency denominated debt and qualifying intercompany loans to hedge the foreign currency exposures of our net investment in certain foreign affiliates. The designated foreign currency denominated debt at 30 June 2011 includes €724.7 million and NT$975.0 million, and at 30 September 2010 includes €782.1 million and NT$967.0 million. The designated intercompany loans were €437.0 million at 30 June 2011 and 30 September 2010.

Debt Portfolio Management

It is our policy to identify on a continuing basis the need for debt capital and evaluate the financial risks inherent in funding the Company with debt capital. Reflecting the result of this ongoing review, our debt portfolio and hedging program are managed with the objectives and 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 Swap Contracts

We enter into interest rate swap contracts 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 optimize interest rate risks and costs inherent in our debt portfolio. Our interest rate swap portfolio will generally consist of fixed to floating swaps and pre-issuance interest rate swap agreements to hedge the interest rate on anticipated fixed rate debt issuance. At 30 June 2011, the outstanding interest rate swaps were denominated in U.S. dollars and Euros. The maximum remaining hedged term of any interest rate swap designated as a cash flow hedge is 5.1 years. The notional amount of the interest rate swap agreements are equal to or less than the designated debt instrument being hedged. When interest rate swaps are used, the indices of the swap instruments and the debt to which they are designated are the same. It is our policy not to enter into any interest rate swap contracts which lever a move in interest rates on a greater than one-to-one basis.

Cross Currency Interest Rate Swap Contracts

We enter into cross currency interest rate swap contracts when risk management 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. These contracts effectively convert the currency denomination of a debt instrument into another currency in which we have a net equity position while changing the interest rate characteristics of the instrument. The contracts are used to hedge long-term intercompany and third-party borrowing transactions and certain net investments in foreign operations. The current cross currency swap portfolio consists of a single fixed to fixed swap between U.S. dollars and British Pound Sterling.

[Table of Contents](#)

The following table summarizes our outstanding interest rate swaps and cross currency interest rate swaps:

	30 June 2011				30 September 2010			
	US$ Notional	Pay %	Average Receive %	Years Average Maturity	US$ Notional	Pay %	Average Receive %	Years Average Maturity
Interest rate swaps (fair value hedge)	$595.2	LIBOR	3.40%	4.7	$617.0	LIBOR	3.66%	3.8
Cross currency interest rate swaps (net investment hedge)	$32.2	5.54%	5.50%	2.7	$32.2	5.54%	5.48%	3.5
Interest rate swaps (cash flow hedge)	$300.0	1.91%	LIBOR	5.1	$—	—	—	—

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

	Balance Sheet Location	30 June 2011 Fair Value	30 September 2010 Fair Value	Balance Sheet Location	30 June 2011 Fair Value	30 September 2010 Fair Value
Derivatives Designated as Hedging Instruments:						
Forward exchange contracts	Other receivables	$22.1	$29.8	Accrued liabilities	$45.5	$22.3
Interest rate swap contracts	Other receivables	10.8	6.6	Accrued liabilities	—	1.3
Forward exchange contracts	Other noncurrent assets	18.7	38.7	Other noncurrent liabilities	.5	19.9
Interest rate swap contracts	Other noncurrent assets	18.3	33.1	Other noncurrent liabilities	3.1	2.4
Total Derivatives Designated as Hedging Instruments		$69.9	$108.2		$49.1	$45.9
Derivatives Not Designated as Hedging Instruments:						
Forward exchange contracts	Other receivables	$ 2.3	$ 6.2	Accrued liabilities	$ 1.5	$8.3
Total Derivatives		$72.2	$114.4		$50.6	$54.2

Refer to Note 8, Fair Value Measurements, which defines fair value, describes the method for measuring fair value, and provides additional disclosures regarding fair value measurements.

Table of Contents

The table below summarizes the gain or loss related to our cash flow hedges, fair value hedges, net investment hedges, and derivatives not designated as hedging instruments.

	Three Months Ended 30 June							
	Forward Exchange Contracts		Foreign Currency Debt		Other (A)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Cash Flow Hedges:								
Net (gain) loss recognized in OCI (effective portion)	$ (6.1)	$ 16.0	$ —	$ —	$ .8	$ —	$ (5.3)	$ 16.0
Net gain (loss) reclassified from OCI to sales/cost of sales (effective portion)	(1.3)	(.7)	—	—	—	—	(1.3)	(.7)
Net gain (loss) reclassified from OCI to other (income) expense (effective portion)	6.7	(15.1)	—	—	—	—	6.7	(15.1)
Net gain (loss) reclassified from OCI to other (income) expense (ineffective portion)	(.5)	.1	—	—	—	—	(.5)	.1
Fair Value Hedges:								
Net (gain) loss recognized in other (income) expense (B)	$ —	$ —	$ —	$ —	$ (8.4)	$ (10.8)	$ (8.4)	$ (10.8)
Net Investment Hedges:								
Net (gain) loss recognized in OCI	$ 8.0	$ (53.7)	$ 30.5	$ (117.0)	$ .2	$ (.4)	$ 38.7	$ (171.1)
Derivatives Not Designated as Hedging Instruments:								
Net (gain) loss recognized in other (income) expense (C)	$ 1.4	$ (.4)	$ —	$ —	$ —	$ —	$ 1.4	$ (.4)

	Nine Months Ended 30 June							
	Forward Exchange Contracts		Foreign Currency Debt		Other (A)		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
Cash Flow Hedges:								
Net (gain) loss recognized in OCI (effective portion)	$ (8.5)	$ 25.1	$ —	$ —	$ .8	$ .2	$ (7.7)	$ 25.3
Net gain (loss) reclassified from OCI to sales/cost of sales (effective portion)	(7.4)	(5.6)	—	—	—	2.0	(7.4)	(3.6)
Net gain (loss) reclassified from OCI to other (income) expense (effective portion)	7.5	(19.8)	—	—	—	—	7.5	(19.8)
Net (loss) reclassified from OCI to other (income) expense (ineffective portion)	(.6)	(.1)	—	—	—	—	(.6)	(.1)
Fair Value Hedges:								
Net (gain) loss recognized in other (income) expense (B)	$ —	$ —	$ —	$ —	$12.8	$ (10.9)	$ 12.8	$ (10.9)
Net Investment Hedges:								
Net (gain) loss recognized in OCI	$ 22.3	$ (89.3)	$ 84.6	$ (236.0)	$ .5	$ (1.3)	$107.4	$ (326.6)
Derivatives Not Designated as Hedging Instruments:								
Net (gain) loss recognized in other (income) expense (C)	$ 2.1	$ (3.9)	$ —	$ —	$ —	$ —	$ 2.1	$ (3.9)

(A) Other includes the impact on other comprehensive income (OCI) and earnings related to interest rate swaps.

(B) The impact of the fair value hedges noted above was largely offset by gains and losses resulting from the impact of changes in related interest rates on recognized outstanding debt.

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

The amount of estimated cash flow hedges' unrealized gains and losses which are expected to be reclassified to earnings in the next twelve months is not material.

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 $21.3 as of 30 June 2011 and $4.2 as of 30 September 2010. 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 all 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. These are the same agreements referenced in Credit Risk-Related Contingent Features above. The collateral that the counterparties would be required to post was $29.0 as of 30 June 2011 and $52.2 as of 30 September 2010. No financial institution is required to post collateral at this time, as all have credit ratings at or above the threshold.

8. FAIR VALUE MEASUREMENTS

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

Derivatives

The fair value of our interest rate swap agreements and foreign exchange contracts are quantified using the income approach and are based on estimates using standard pricing models. These models take into account 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. The computation of the fair values of these instruments is generally performed by the Company. These standard pricing models utilize inputs which are derived from or corroborated by observable market data such as interest rate yield curves and currency spot and forward rates. In addition, on an ongoing basis, 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.

Refer to Note 7, Financial Instruments, for a description of derivative instruments, including details on the balance sheet line item classifications.

Available-for-Sale Securities

The fair value of available-for-sale securities is based on a market approach, specifically quoted market prices in publicly traded companies from the New York Stock Exchange and NASDAQ. These investments are reported within other noncurrent assets on the consolidated balance sheet, with holding gains and losses recorded to other comprehensive income, net of tax, within total equity.

Long-term Debt

The fair value of our debt is based on estimates using standard pricing models that take into account 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. The computation of the fair value of these instruments is generally performed by the Company.

Other Liabilities

Other liabilities include the obligation to purchase 25% of the remaining shares of CryoService Limited (CSL). CSL is not publically traded and therefore, no observable market exists for the shares. The fair value of the outstanding liability was determined using an internally developed valuation model that was based on a multiple of earnings formula. The liability is reported in accrued liabilities on the consolidated balance sheet.

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

	30 June 2011		30 September 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Derivatives				
Foreign exchange contracts	$43.1	$43.1	$74.7	$74.7
Interest rate swap contracts	29.1	29.1	39.7	39.7
Available-for-sale securities				
Airgas investment	—	—	102.5	102.5
Other investments	—	—	1.1	1.1
Liabilities				
Derivatives				
Foreign exchange contracts	$47.5	$47.5	$50.5	$50.5
Interest rate swap contracts	3.1	3.1	3.7	3.7
Long-term debt, including current portion	4,067.3	4,266.5	3,842.3	4,146.4
Other liabilities	50.8	50.8	42.0	42.0

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

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

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

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

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

The following table summarizes assets and liabilities measured at fair value on a recurring basis in the consolidated balance sheets:

	30 June 2011				30 September 2010			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets at Fair Value								
Derivatives								
Foreign exchange contracts	$ 43.1	$ —	$ 43.1	$ —	$ 74.7	$ —	$ 74.7	$ —
Interest rate swap contracts	29.1	—	29.1	—	39.7	—	39.7	—
Available-for-sale securities								
Airgas investment	—	—	—	—	102.5	102.5	—	—
Other investments	—	—	—	—	1.1	1.1	—	—
Total Assets at Fair Value	$ 72.2	$ —	$ 72.2	$ —	$218.0	$ 103.6	$ 114.4	$ —
Liabilities at Fair Value								
Derivatives								
Foreign exchange contracts	$ 47.5	$ —	$ 47.5	$ —	$ 50.5	$ —	$ 50.5	$ —
Interest rate swap contracts	3.1	—	3.1	—	3.7	—	3.7	—
Other liabilities	50.8	—	—	50.8	42.0	—	—	42.0
Total Liabilities at Fair Value	$101.4	$ —	$ 50.6	$ 50.8	$ 96.2	$ —	$ 54.2	$ 42.0

Refer to Note 1, Major Accounting Policies, in our 2010 Form 10-K and Note 7, Financial Instruments, in this quarterly filing for additional information on our accounting and reporting of the fair value of financial instruments.

Table of Contents

Changes in the fair value of other liabilities, valued using significant unobservable inputs (Level 3), are presented below:

Balance at 30 September 2010	$42.0
Expense included in interest expense	.5
Adjustment to initial estimate (see FN 14)	6.1
Balance at 31 December 2010	$48.6
Expense included in interest expense	1.7
Currency translation adjustment	1.1
Balance at 31 March 2011	$51.4
Income included in interest expense	(.7)
Currency translation adjustment	.1
Balance at 30 June 2011	$50.8

9. RETIREMENT BENEFITS

The components of net pension cost for the defined benefit pension plans and other postretirement benefit cost for the three and nine months ended 30 June 2011 and 2010 were as follows:

	Pension Benefits				Other Benefits	
	2011		2010		2011	2010
Three Months Ended 30 June	U.S.	International	U.S.	International		
Service cost	$10.9	$ 7.5	$10.6	$ 5.7	$1.4	$ 1.2
Interest cost	30.7	16.3	30.9	14.3	0.8	1.1
Expected return on plan assets	(44.9)	(17.3)	(41.1)	(15.3)	—	—
Prior service cost amortization	.6	.2	.7	.1	—	—
Actuarial loss amortization	16.0	7.7	11.7	4.7	1.0	.7
Settlement and curtailment charges	—	—	5.8	.5	—	—
Special termination benefits	—	.3	(.7)	—	—	—
Other	—	.8	—	.2	—	—
Net periodic benefit cost	$ 13.3	$ 15.5	$ 17.9	$ 10.2	$ 3.2	$ 3.0

	Pension Benefits				Other Benefits	
	2011		2010		2011	2010
Nine Months Ended 30 June	U.S.	International	U.S.	International		
Service cost	$32.7	$ 22.0	$31.8	$ 17.9	$ 4.2	$ 3.6
Interest cost	92.2	48.0	92.7	45.3	2.4	3.3
Expected return on plan assets	(134.7)	(50.9)	(123.3)	(48.2)	—	—
Prior service cost amortization	1.8	.6	2.1	.5	—	—
Actuarial loss amortization	48.0	23.3	35.1	14.7	3.0	2.1
Settlement and curtailment charges	—	—	5.8	.5	—	—
Special termination benefits	—	.3	(.7)	3.5	—	—
Other	—	1.7	—	2.1	—	—
Net periodic benefit cost	$ 40.0	$ 45.0	$ 43.5	$ 36.3	$ 9.6	$ 9.0

For the nine months ended 30 June 2011 and 2010, our cash contributions to funded plans and benefit payments under unfunded plans were $229.5 and $348.2, respectively. Total contributions for fiscal 2011 are expected to be approximately $247. During fiscal 2010, total contributions were $406.6.

Our supplemental pension plan provides for a lump sum benefit payment option at the time of retirement, or for corporate officers six months after the participant's retirement date. We recognize pension settlements when payments exceed the sum of service and interest cost components of net periodic pension cost of the plan for the fiscal year. In the third quarter of 2010, we recognized a settlement charge of $6.3 ($3.9 after-tax, or $.02 per share). There were no settlement charges recognized for the three and nine months ended 30 June 2011.

10. COMMITMENTS AND CONTINGENCIES

Litigation

We are involved in various legal proceedings, including competition, environmental, health, safety, product liability, and insurance matters. 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 $115 at 30 June 2011) on Air Products Brasil Ltda. This fine was based on a recommendation by a unit of the Brazilian Ministry of Justice whose investigation began in 2003 alleging 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. Certain of our defenses, if successful, could result in the matter being dismissed with no fine against us. 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 reasonably possible, such a judgment is not probable. As a result, no provision has been made in the consolidated financial statements. We estimate the maximum possible loss to be the full amount of the fine of R$179.2 million (approximately $115 at 30 June 2011) plus interest accrued thereon until final disposition of the proceedings.

We are required to provide security for the payment of the fine (and interest) in order to suspend execution of the judgment during the appeal process, during which time interest will accrue on the fine. The security is only collectible by the court in the event we are not successful in our appeal and do not timely pay the fine. The security could be in the form of a bank guarantee or in other forms which the courts deem acceptable. The form of the security to be provided by the Company has not been finally determined.

While we do not expect that any sums we may have to pay in connection with this or any other legal proceeding would have a materially adverse effect on our consolidated financial position or net cash flows, a future charge for regulatory fines or damage awards could have a significant impact on our net income in the period in which it is recorded.

Environmental

In the normal course of business, the Company is involved in legal proceedings under the federal Superfund law, similar state environmental laws, and Resource Conservation and Recovery Act (RCRA) relating to the designation of certain sites for investigation or remediation. Presently, there are approximately 30 sites on which a final settlement has not been reached where the Company, along with others, has been designated a potentially responsible party by the Environmental Protection Agency or is otherwise engaged in investigation or remediation. In addition, the Company is also involved in cleanup activities at certain of its current and former manufacturing sites. The Company continually monitors these sites for which it has environmental exposure.

Accruals for environmental loss contingencies are recorded when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated consistent with the policy set forth in Note 1, Major Accounting Policies, to the consolidated financial statements in our 2010 Form 10-K. The consolidated balance sheets at 30 June 2011 and 30 September 2010 included an accrual of $83.2 and $87.0, 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 $83 to a reasonably possible upper exposure of $97 as of 30 June 2011.

Actual costs to be incurred at identified sites in future periods may vary from the estimates, given inherent uncertainties in evaluating environmental exposures. Using reasonably possible alternative assumptions of the exposure level could result in an increase to the environmental accrual. Due to the inherent uncertainties related to environmental exposures, a significant increase to the reasonably possible upper exposure level could occur if a new site is designated, the scope of remediation is increased, a different remediation alternative is identified, or a significant increase in the Company's proportionate share occurs. The Company does not expect that any sum it may have to pay in connection with environmental matters in excess of the amounts recorded or disclosed above would have a material adverse impact on its financial position or results of operations in any one year.

PACE

At 30 June 2011, $35.5 of the environmental accrual was related to the Pace facility.

In 2006, the Company sold its Amines business, which included operations at Pace, Florida and recognized a liability for retained environmental obligations associated with remediation activities at Pace. The Company is required by the Florida Department of Environmental Protection (FDEP) and the United States Environmental Protection Agency (USEPA) to continue its remediation efforts. The Company estimated that it would take about 20 years to complete the groundwater remediation, and the costs through completion were estimated to range from $42 to $52. As no amount within the range was a better estimate than another, the Company recognized a pretax expense in fiscal 2006 of $42.0 as a component of income from discontinued operations and recorded an environmental accrual of $42.0 in continuing operations on the consolidated balance sheets. There has been no change to the estimated exposure range related to the Pace facility.

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

PIEDMONT

At 30 June 2011, $21.1 of the environmental accrual was related to the Piedmont site.

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

PAULSBORO

At 30 June 2011, $8.0 of the environmental accrual was related to the Paulsboro site.

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

11. SHARE-BASED COMPENSATION

We have various share-based compensation programs, which include stock options, deferred stock units, and restricted shares. During the nine months ended 30 June 2011, we granted 932,026 stock options at a weighted-average exercise price of $86.39 and an estimated fair value of $23.83 per option. The fair value of these options was estimated using a Black Scholes option valuation model that used the following assumptions: expected volatility of 29.2%-30.0%; expected dividend yield of 2.2%; expected life in years of 7.0-8.7; and a risk-free interest rate of 2.4%-2.9%. Fair values of stock options granted prior to 1 October 2010 were estimated using a lattice-based option valuation model. Beginning in fiscal 2011, we used the Black Scholes model to value stock option awards. The Black Scholes model is a widely used valuation technique that incorporates all the measurement objectives required by the share based compensation accounting guidance. Additionally, the Black Scholes model incorporates assumptions that reflect all substantive characteristics of our program. We believe the Black Scholes model improves comparability and efficiency. The impact of the change in valuation models was not significant to the consolidated financial statements. In addition, we granted 239,580 deferred stock units at a weighted-average grant-date fair value of $86.46 and 31,825 restricted shares at a weighted-average grant-date fair value of $86.39. Refer to Note 19, Share-Based Compensation, in our 2010 Form 10-K for information on the valuation and accounting for these programs.

Share-based compensation cost charged against income in the three and nine months ended 30 June 2011 was $11.2 ($7.0 after-tax) and $33.1 ($20.4 after-tax), respectively. Of the share-based compensation cost recognized for the nine months ended 30 June, $28.8 was a component of selling and administrative expense, $2.8 a component of cost of sales, and $1.5 a component of research and development. Share-based compensation cost charged against income in the three and nine months ended 30 June 2010 was $13.9 ($8.9 after-tax) and $36.6 ($23.0 after-tax), respectively. The amount of share-based compensation cost capitalized in 2011 and 2010 was not material.

12. EQUITY

The following is a summary of the changes in total equity for the three and nine months ended 30 June:

	Three Months Ended 30 June					
	2011			2010		
	Air Products	Non-controlling Interests	Total Equity	Air Products	Non-controlling Interests	Total Equity
Balance at 31 March	$5,825.2	$174.0	$5,999.2	$5,265.6	$152.7	$5,418.3
Net Income	326.5	8.5	335.0	253.2	8.1	261.3
Components of Other Comprehensive Income (Loss), net of tax						
Translation adjustments	99.3	3.7	103.0	(193.3)	(2.4)	(195.7)
Net gain (loss) on derivatives	5.6	(.3)	5.3	(16.0)	—	(16.0)
Unrealized holding loss on available-for-sale securities	—	—	—	(2.0)	—	(2.0)
Pension and postretirement benefits	—	—	—	4.1	—	4.1
Reclassification adjustments:						
Currency translation adjustments	—	—	—	(.7)	—	(.7)
Derivatives	(4.9)	—	(4.9)	15.7	—	15.7
Pension and postretirement benefits	16.8	—	16.8	16.1	—	16.1
Total Other Comprehensive Income (Loss)	116.8	3.4	120.2	(176.1)	(2.4)	(178.5)
Comprehensive Income	443.3	11.9	455.2	77.1	5.7	82.8
Dividends on common stock (per share $.58, $.49)	(123.5)	—	(123.5)	(104.1)	—	(104.1)
Dividends to noncontrolling interests	—	(2.2)	(2.2)	—	(9.2)	(9.2)
Share-based compensation expense	11.2	—	11.2	13.9	—	13.9
Issuance of treasury shares for stock option and award plans	52.1	—	52.1	5.4	—	5.4
Tax benefits of stock option and award plans	24.5	—	24.5	2.2	—	2.2
Purchase of noncontrolling interests	—	—	—	(29.0)	(10.8)	(39.8)
Contribution from noncontrolling interests	—	—	—	—	1.8	1.8
Other equity transactions	(.6)	(18.9)	(19.5)	.3	.3	.6
Balance at 30 June	$6,232.2	$164.8	$6,397.0	$5,231.4	$140.5	$5,371.9

Table of Contents

	Nine Months Ended 30 June					
	2011			2010		
	Air Products	Non-controlling Interests	Total Equity	Air Products	Non-controlling Interests	Total Equity
Balance at 30 September	$5,546.9	$ 150.7	$5,697.6	$4,791.9	$ 138.1	$4,930.0
Net Income	899.4	23.0	922.4	757.0	19.5	776.5
Components of Other Comprehensive Income (Loss), net of tax						
Translation adjustments	255.7	11.7	267.4	(124.4)	(2.1)	(126.5)
Net gain (loss) on derivatives	8.1	(.4)	7.7	(25.3)	—	(25.3)
Unrealized holding gain (loss) on available-for-sale securities	(4.6)	—	(4.6)	14.5	—	14.5
Pension and postretirement benefits	—	—	—	4.1	—	4.1
Reclassification adjustments:						
Currency translation adjustment	—	—	—	(.7)	—	(.7)
Derivatives	0.5	—	0.5	23.5	—	23.5
Available-for-sale securities	(16.1)	—	(16.1)	—	—	—
Pension and postretirement benefits	50.4	—	50.4	39.6	.2	39.8
Total Other Comprehensive Income (Loss)	294.0	11.3	305.3	(68.7)	(1.9)	(70.6)
Comprehensive Income	1,193.4	34.3	1,227.7	688.3	17.6	705.9
Purchase of treasury stock	(350.0)	—	(350.0)	—	—	—
Dividends on common stock (per share $1.65, $1.43)	(351.7)	—	(351.7)	(303.6)	—	(303.6)
Dividends to noncontrolling interests	—	(2.7)	(2.7)	—	(18.1)	(18.1)
Share-based compensation expense	33.1	—	33.1	36.6	—	36.6
Issuance of treasury shares for stock option and award plans	117.1	—	117.1	32.1	—	32.1
Tax benefits of stock option and award plans	52.3	—	52.3	16.7	—	16.7
Purchase of noncontrolling interests	(6.1)	—	(6.1)	(29.0)	(10.8)	(39.8)
Contribution from noncontrolling interests	—	1.4	1.4	—	13.4	13.4
Other equity transactions	(2.8)	(18.9)	(21.7)	(1.6)	.3	(1.3)
Balance at 30 June	$6,232.2	$ 164.8	$6,397.0	$5,231.4	$ 140.5	$5,371.9

13. EARNINGS PER SHARE

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

	Three Months Ended 30 June		Nine Months Ended 30 June	
	2011	2010	2011	2010
NUMERATOR				
Income from continuing operations	$317.6	$253.2	$890.5	$757.0
Income from discontinued operations	8.9	—	8.9	—
Net Income Attributable to Air Products	$326.5	$253.2	$899.4	$757.0
DENOMINATOR (in millions)				
Weighted average number of common shares outstanding	212.5	212.3	213.5	212.0
Effect of dilutive securities				
Employee stock options	3.8	3.6	4.0	3.9
Other award plans	1.0	1.0	.9	1.0
	4.8	4.6	4.9	4.9
Weighted average number of common shares outstanding assuming dilution	217.3	216.9	218.4	216.9

BASIC EPS ATTRIBUTABLE TO AIR PRODUCTS				
Income from continuing operations	$1.50	$1.19	$4.17	$3.57
Income from discontinued operations	.04	—	.04	—
Net Income Attributable to Air Products	$1.54	$1.19	$4.21	$3.57
DILUTED EPS ATTRIBUTABLE TO AIR PRODUCTS				
Income from continuing operations	$1.46	$1.17	$4.08	$3.49
Income from discontinued operations	.04	—	.04	—
Net Income Attributable to Air Products	$1.50	$1.17	$4.12	$3.49

Options on 2.1 million shares were antidilutive and therefore excluded from the computation of diluted earnings per share for the three and nine months ended 30 June 2011. Options on 2.2 million shares were antidilutive and therefore excluded from the computation of diluted earnings per share for the three and nine months ended 30 June 2010.

14. NONCONTROLLING INTERESTS

In June 2010, we entered into agreements obligating us to purchase 25% of the remaining shares of CryoService Limited (CSL), a cryogenic and specialty gases company in the U.K., which increased our ownership interest from 72% to 97%. The agreements require the consideration, which is based on a multiple of earnings formula, to be remitted in January 2012. The carrying value of the 25% noncontrolling interest at the time the sale share agreements were entered into was $10.8. As a result of this arrangement, we reduced the noncontrolling interest for the 25% purchase obligation and recorded an estimated liability based on the earnings formula. As the purchase of the noncontrolling interest does not result in a change of control, the difference between the carrying value of the 25% noncontrolling interest and the liability recognized was recorded as a reduction in capital in excess of par value.

In the first quarter of 2011, we revised our initial estimate of the liability and recorded an adjustment of $6.1 to the liability and capital in excess of par. At 30 June 2011, the liability amounted to $50.8 and has been reported in other liabilities on the consolidated balance sheet.

The following table presents the effect of changes in ownership interests in subsidiaries on Air Products shareholder’s equity:

	Three Months Ended 30 June		Nine Months Ended 30 June	
	2011	2010	2011	2010
Net Income Attributable to Air Products	$ 326.5	$ 253.2	$ 899.4	$ 757.0
Transfers to noncontrolling interests:				
Decrease in Air Products capital in excess of par value for purchase of noncontrolling interests	—	(29.0)	(6.1)	(29.0)
Changes from net income attributable to Air Products and transfers to noncontrolling interests	$ 326.5	$ 224.2	$ 893.3	$ 728.0

15. INCOME TAXES AND DISCONTINUED OPERATIONS

As of 30 June 2011, our unrecognized tax benefits totaled $162.9, of which $127.3 would impact the effective tax rate if recognized. For the nine months ended 30 June 2011, our unrecognized tax benefits decreased $70.8. In the third quarter of 2011, a U.S. Internal Revenue Service audit over tax years 2007 and 2008 was completed resulting in a decrease in unrecognized tax benefits of $36.0 and a favorable impact to current year earnings of $23.9. This included a tax benefit of $8.9, or $.04 per share, recognized in income from discontinued operations for the three and nine months ended 30 June 2011, as it relates to the previously divested healthcare business. The remaining benefit, partially offset by return to provision reconciliation adjustments recorded in the third quarter, did not have a material impact on income from continuing operations or the effective tax rate for the three and nine months ended 30 June 2011.

The remainder of the change in unrecognized tax benefits for the year primarily resulted from changes in our position on temporary items that did not have a material impact on current year earnings or the effective tax rate. For additional historical information on the U.S. Healthcare divestiture, refer to our 2010 Form 10-K.

We are currently being challenged by Spanish tax authorities over deductions taken by certain of our Spanish subsidiaries during fiscal years 2005-2008. A formal assessment by Spanish authorities has not been received to date. Although we believe that all positions taken are compliant with applicable laws, it is reasonably possible that a material change in the unrecognized tax benefits may occur during the next twelve months. However, quantification of an estimated range cannot be made at this time.

16. SUPPLEMENTAL INFORMATION

Share Repurchase Program

On 20 September 2007, the Board of Directors authorized the repurchase of up to $1,000 of our outstanding common stock. During the first nine months of fiscal year 2011, we purchased 3.8 million of our outstanding shares at a cost of $350.0. At 30 June 2011, $299.2 in share repurchase authorization remains.

17. BUSINESS SEGMENT AND GEOGRAPHIC INFORMATION

Our segments are organized based on differences in product and/or type of customer. We have four business segments consisting of Merchant Gases, Tonnage Gases, Electronics and Performance Materials, and Equipment and Energy.

Business Segment Information

	Three Months Ended 30 June		Nine Months Ended 30 June	
	2011	2010	2011	2010
Sales to External Customers				
Merchant Gases	$ 1,027.2	$ 915.0	$3,027.8	$ 2,770.3
Tonnage Gases	868.7	724.5	2,433.9	2,179.1
Electronics and Performance Materials	602.4	496.9	1,704.3	1,381.5
Equipment and Energy	79.5	115.9	304.8	343.9
Segment and Consolidated Totals	$ 2,577.8	$ 2,252.3	$7,470.8	$ 6,674.8
Operating Income				
Merchant Gases	$ 182.0	$ 176.4	$ 567.4	$ 544.1
Tonnage Gases	114.8	119.8	351.4	327.2
Electronics and Performance Materials	109.0	62.4	269.5	167.8
Equipment and Energy	8.6	21.1	51.3	47.1
Segment Total	$ 414.4	$ 379.7	$1,239.6	$ 1,086.2
Net loss on Airgas transaction	—	(37.9)	(48.5)	(61.3)
Customer bankruptcy	—	1.8	—	1.8
Pension settlement	—	(6.3)	—	(6.3)
Other	2.4	(.9)	5.8	1.6
Consolidated Total	$ 416.8	$ 336.4	$1,196.9	$ 1,022.0

	30 June 2011	30 September 2010
Identifiable Assets (A)		
Merchant Gases	$ 5,355.7	$ 5,075.3
Tonnage Gases	4,392.3	3,876.4
Electronics and Performance Materials	2,487.2	2,275.8
Equipment and Energy	289.3	341.3
Segment Total	$12,524.5	$11,568.8
Other	891.4	1,024.3
Consolidated Total	$13,415.9	$12,593.1

(A) Identifiable assets are equal to total assets less investment in net assets of and advances to equity affiliates.

Table of Contents

Geographic Information

	Three Months Ended 30 June		Nine Months Ended 30 June	
	2011	2010	2011	2010
Sales to External Customers				
North America	$ 1,172.3	$ 1,091.1	$3,492.3	$3,222.4
Europe	780.1	688.8	2,250.3	2,118.5
Asia	566.2	421.9	1,546.4	1,176.6
Latin America/Other	59.2	50.5	181.8	157.3
Total	$ 2,577.8	$ 2,252.3	$7,470.8	$6,674.8

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

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

(Millions of dollars, except for share data)

The disclosures in this quarterly report are complementary to those made in our 2010 Form 10-K. An analysis of results for the third quarter and first nine months of 2011 is provided in the Management's Discussion and Analysis to follow.

All comparisons in the discussion are to the corresponding prior year unless otherwise stated. All amounts presented are in accordance with U.S. generally accepted accounting principles (GAAP), except as noted.

Captions such as net income attributable to Air Products and diluted earnings per share attributable to Air Products are simply referred to as "net income" and "diluted earnings per share" throughout this Management's Discussion and Analysis, unless otherwise stated.

The discussion of third quarter and year to date results that follows includes comparisons to non-GAAP financial measures. These non-GAAP measures exclude the net loss on Airgas transaction in 2011 and 2010. The presentation of non-GAAP measures is intended to enhance the usefulness of financial information by providing measures that our management uses internally to evaluate our baseline performance on a comparable basis. The reconciliation of reported GAAP results to non-GAAP measures is presented on page 32.

THIRD QUARTER 2011 VS. THIRD QUARTER 2010

THIRD QUARTER 2011 IN SUMMARY

- Sales of $2,577.8 increased 14%, or $325.5. Underlying sales increased 7%, primarily due to higher volumes in the Tonnage Gases and Electronics and Performance Materials segments.
- Operating income of $416.8 increased 24%, or $80.4 and operating margin of 16.2% increased 130 basis points (bp). On a non-GAAP basis, operating income increased 11%, or $42.5, primarily from higher volumes and operating margin decreased 40 bp.
- Income from continuing operations of $317.6 increased 25%, or $64.4, and diluted earnings per share from continuing operations of $1.46 increased 25%, or $.29. On a non-GAAP basis, income from continuing operations increased 15%, or $40.7, and diluted earnings per share from continuing operations increased 14%, or $.18. A summary table of changes in diluted earnings per share is presented below.

Changes in Diluted Earnings per Share Attributable to Air Products

	Three Months Ended 30 June 2011	Three Months Ended 30 June 2010	Increase (Decrease)
Diluted Earnings per Share			
Net Income	**$ 1.50**	**$ 1.17**	**$ .33**
Income from Discontinued Operations	(.04)	—	(.04)
Income from Continuing Operations – GAAP Basis	**$ 1.46**	**$ 1.17**	**$ .29**
Net loss on Airgas transaction	—	.11	(.11)
Income from Continuing Operations – Non-GAAP Basis	**$ 1.46**	**$ 1.28**	**$ .18**
Operating Income (after-tax)			
Underlying business			
Volume			.14
Price/raw materials			(.02)
Costs			(.06)
Currency			.09
Operating Income			**.15**
Other (after-tax)			
Equity affiliates' income			.03
Interest expense			.01
Other			(.01)
Other			**.03**
Total Change in Diluted Earnings per Share from Continuing Operations – Non-GAAP Basis			**$ .18**

RESULTS OF OPERATIONS

Discussion of Consolidated Results

	Three Months Ended 30 June 2011	Three Months Ended 30 June 2010	$ Change	Change
Sales	$2,577.8	$2,252.3	$ 325.5	14%
Operating income – GAAP Basis	416.8	336.4	80.4	24%
Operating income – Non-GAAP Basis	416.8	374.3	42.5	11%
Operating margin – GAAP Basis	16.2%	14.9%	—	130bp
Operating margin – Non-GAAP Basis	16.2%	16.6%	—	(40bp)
Equity affiliates' income	39.7	32.5	7.2	22%

Sales

	% Change from Prior Year
Underlying business	
Volume	6%
Price	1%
Currency	5%
Energy and raw material cost pass-through	2%
Total Consolidated Change	**14%**

Underlying sales increased 7%, primarily due to 6% higher volumes driven by our Tonnage Gases and Electronics and Performance Materials segments and higher pricing of 1%. Currency favorably impacted sales by 5% and energy and raw material contractual cost pass-through to customers increased sales 2%.

Operating Income

Operating income of $416.8 increased 11%, or $42.5. Underlying business increased $18 primarily from higher volumes in the Electronics and Performance Materials and Tonnage Gases segments, partially offset by higher operating costs. Costs increased as productivity gains were more than offset by higher operating, maintenance, and distribution costs, primarily in the Merchant Gases and Tonnage Gases segments. Favorable currency translation and foreign exchange impacts increased operating income by $25. On a GAAP basis, operating income includes $37.9 in net loss related to the Airgas transaction, in the prior year.

Equity Affiliates' Income

Income from equity affiliates of $39.7 increased $7.2, primarily due to higher volumes and a favorable currency impact.

Selling and Administrative Expense (S&A)

S&A expense of $252.9 increased $11.7, primarily due to unfavorable currency. S&A as a percent of sales decreased to 9.8% from 10.7%.

Research and Development (R&D)

R&D expense of $29.3 remained flat year over year. R&D, as a percent of sales, decreased to 1.1% from 1.3%.

Pension Settlement

In the third quarter of 2010, we recognized a $6.3 ($3.9 after-tax, or $.02 per share) pension settlement charge. Our supplemental pension plan provides for a lump sum benefit payment option at the time of retirement, or for corporate officers six months after the participant's retirement date. We recognize pension settlements when payments exceed the sum of service and interest cost components of net periodic pension cost of the plan for the fiscal year.

Other Income, Net

Items recorded to other income arise from transactions and events not directly related to our principal income earning activities.

Other income of $3.3 decreased $4.7, primarily due to a net gain on asset sales in the prior year. Otherwise, no individual items were significant in comparison to the prior year.

Interest Expense

	Three Months Ended 30 June	
	2011	2010
Interest incurred	$ 32.1	$ 32.6
Less: capitalized interest	5.6	2.6
Interest expense	**$ 26.5**	**$ 30.0**

Interest incurred decreased $.5. The decrease was driven by lower average interest rates on variable rate debt and a lower average debt balance, partially offset by the impact of a weaker dollar on the translation of foreign currency interest. The change in capitalized interest is driven by an increase in project spending which qualified for capitalization.

Effective Tax Rate

The effective tax rate equals the income tax provision divided by income from continuing operations before taxes. On a GAAP basis, the effective tax rate was 24.2% and 22.9% in the third quarter of 2011 and 2010, respectively. On a non-GAAP basis, the effective tax rate was 24.2% and 24.4% in the third quarter of 2011 and 2010, respectively.

Discontinued Operations

In fiscal 2009, we completed the divestiture of the U.S. Healthcare business which was accounted for as a discontinued operation. For additional historical information on this divestiture, refer to our 2010 Form 10-K.

As a result of a tax audit settlement in the current year, a tax benefit of $8.9, or $.04 per share related to the U.S. Healthcare business was reflected in income from discontinued operations. Refer to Note 15, Income Taxes and Discontinued Operations, to the consolidated financial statements for further details.

Net Income

Net income was $326.5 compared to $253.2 and diluted earnings per share was $1.50 compared to $1.17. On a non-GAAP basis, net income was $326.5 compared to $276.9 and diluted earnings per share was $1.50 compared to $1.28. A summary table of changes in earnings per share is presented on page 23.

Segment Analysis

Merchant Gases

	Three Months Ended 30 June			
	2011	2010	$ Change	Change
Sales	$ 1,027.2	$ 915.0	$ 112.2	12%
Operating income	182.0	176.4	5.6	3%
Operating margin	17.7%	19.3%	—	(160bp)
Equity affiliates' income	32.0	28.5	3.5	12%

Merchant Gases Sales

	% Change from Prior Year
Underlying business	
Volume	3%
Price	1%
Currency	8%
Total Merchant Gases Sales Change	**12%**

Underlying sales increased 4% due to higher volumes of 3% and higher pricing of 1%. Volumes increased primarily due to strong growth in Asia. Currency had a favorable impact of 8% on sales.

In North America, sales increased 3%, with price up 3% and volumes flat. The increase in pricing was driven by improvement across all product lines. Modest liquid oxygen, liquid nitrogen, and liquid argon volume growth was offset by lower helium volumes due to supply limitations. In Europe, sales increased 14%, with a favorable currency impact of 13% and volumes up 2%, partially offset by lower price of 1%. Volumes were up on modest growth across the product lines. In Asia, sales increased 22%, with volumes up 12%, a favorable currency impact of 7%, and pricing up 3%. Volumes increased on liquid oxygen and nitrogen growth across the region. Pricing was favorable due to price increase actions across all product lines.

Merchant Gases Operating Income and Margin

Operating income increased primarily due to a favorable currency impact of $14 and higher volumes of $9, mostly offset by lower net recovery of raw material costs in pricing of $9 driven primarily in the European businesses and higher costs of $8. Operating margin decreased 160 bp from prior year, primarily due to higher operating, maintenance, and distribution costs.

Merchant Gases Equity Affiliates' Income

Merchant Gases equity affiliates' income increased as a result of higher volumes and a favorable currency impact.

Tonnage Gases

	Three Months Ended 30 June			
	2011	2010	$ Change	Change
Sales	$868.7	$724.5	$ 144.2	20%
Operating income	114.8	119.8	(5.0)	(4)%
Operating margin	13.2%	16.5%	—	(330bp)

Table of Contents

Tonnage Gases Sales

	% Change from Prior Year
Underlying business	
Volume	11%
Energy and raw material cost pass-through	7%
Currency	2%
Total Tonnage Gases Sales Change	**20%**

Sales of $868.7 increased 20%, or $144.2. Volumes increased 11% primarily driven by new projects and improvement in existing customer loadings. Higher natural gas prices resulted in higher energy and raw material contractual cost pass-through to customers, increasing sales by 7%. Currency increased sales 2%.

Tonnage Gases Operating Income and Margin

Operating income decreased 4% due to higher operating costs of $19, primarily driven by higher maintenance costs, partially offset by increased volumes of $11and a favorable currency impact of $3. Operating margin decreased 330 bp from prior year, primarily due to higher maintenance costs and higher natural gas costs.

Electronics and Performance Materials

	Three Months Ended 30 June			
	2011	2010	$ Change	Change
Sales	$602.4	$496.9	$ 105.5	21%
Operating income	109.0	62.4	46.6	75%
Operating margin	18.1%	12.6%	—	550bp

Electronics and Performance Materials Sales

	% Change from Prior Year
Underlying business	
Volume	14%
Price	3%
Currency	4%
Total Electronics and Performance Materials Sales Change	**21%**

Sales increased due to higher volumes of 14%, favorable currency of 4%, and higher pricing of 3%. Electronics sales increased 24%, reflecting increased volumes in tonnage, specialty materials, and the equipment business. Performance Materials sales increased 18% with volumes up 7%, pricing up 7%, and favorable currency of 4%.

Electronics and Performance Materials Operating Income and Margin

Operating income increased primarily from higher volumes of $25, lower operating costs of $15, and favorable currency of $8, partially offset by lower net recovery of raw material costs in pricing of $1. Operating margin improved primarily due to strong volumes and cost improvement.

Equipment and Energy

	Three Months Ended 30 June			
	2011	2010	$ Change	% Change
Sales	$ 79.5	$115.9	$ (36.4)	(31)%
Operating income	8.6	21.1	(12.5)	(59)%

Equipment and Energy Sales and Operating Income

Sales decreased reflecting lower air separation unit (ASU) activity. Operating income decreased due to lower sales and a gain on the sale of an asset in the prior year.

The sales backlog for the Equipment business at 30 June 2011 was $246, compared to $274 at 30 September 2010.

Other

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

Other operating income of $2.4 increased $3.3. No individual items were significant in comparison to the prior year.

FIRST NINE MONTHS 2011 VS. FIRST NINE MONTHS 2010

FIRST NINE MONTHS 2011 IN SUMMARY

— Sales of $7,470.8 increased 12%, or $796.0. Underlying sales increased 10%, primarily due to volume growth in our Electronics and Performance Materials, Tonnage Gases, and Merchant Gases segments.

— Operating income of $1,196.9 increased 17%, or $174.9 and operating margin of 16.0% increased 70 bp. On a non-GAAP basis, operating income of $1,245.4 increased 15%, or $162.1 and operating margin of 16.7% increased 50 bp, primarily from higher volumes.

— Income from continuing operations of $890.5 increased 18%, or $133.5, and diluted earnings per share from continuing operations of $4.08 increased 17%, or $.59. On a non-GAAP basis, income from continuing operations of $922.1 increased 16%, or $126.8, and diluted earnings per share from continuing operations of $4.22 increased 15%, or $.55. A summary table of changes in diluted earnings per share is presented below.

— We withdrew our tender offer to purchase all of the outstanding shares of Airgas, Inc. and terminated the associated credit facility.

— We purchased 3.8 million of our outstanding shares at a cost of $350.0 under the $1,000 share repurchase program announced in the fourth quarter of 2007. At 30 June 2011, $299.2 in share repurchase authorization remains.

— We increased our quarterly dividend from $.49 to $.58 per share. This represents the 29th consecutive year that we have increased our dividend payment.

Table of Contents

Changes in Diluted Earnings per Share Attributable to Air Products

	Nine Months Ended 30 June 2011	Nine Months Ended 30 June 2010	Increase (Decrease)
Diluted Earnings per Share			
Net Income	**$ 4.12**	**$ 3.49**	**$ .63**
Income from Discontinued Operations	(.04)	—	(.04)
Income from Continuing Operations – GAAP Basis	**$ 4.08**	**$ 3.49**	**$ .59**
Net loss on Airgas transaction	.14	.18	(.04)
Income from Continuing Operations – Non-GAAP Basis	**$ 4.22**	**$ 3.67**	**$ .55**
Operating Income (after-tax)			
Underlying business			
Volume			.66
Price/raw materials			(.04)
Costs			(.12)
Currency			.06
Operating Income			**.56**
Other (after-tax)			
Equity affiliates' income			.02
Interest expense			.01
Noncontrolling interest			(.01)
Average shares outstanding			(.03)
Other			**(.01)**
Total Change in Diluted Earnings per Share from Continuing Operations – Non-GAAP Basis			**$ .55**

RESULTS OF OPERATIONS

Discussion of Consolidated Results

	Nine Months Ended 30 June 2011	Nine Months Ended 30 June 2010	$ Change	Change
Sales	$7,470.8	$6,674.8	$ 796.0	12%
Operating income – GAAP Basis	1,196.9	1,022.0	174.9	17%
Operating income – Non-GAAP Basis	1,245.4	1,083.3	162.1	15%
Operating margin – GAAP Basis	16.0%	15.3%	—	70bp
Operating margin – Non-GAAP Basis	16.7%	16.2%	—	50bp
Equity affiliates' income	99.2	91.6	7.6	8%

Sales

	% Change from Prior Year
Underlying business	
Volume	9%
Price	1%
Currency	2%
Total Consolidated Change	**12%**

Underlying business increased sales 10%, primarily due to higher volumes in our Electronics and Performance Materials, Tonnage Gases, and Merchant Gases segments and higher pricing of 1%. Currency favorably impacted sales 2%.

Table of Contents

Operating Income

Operating income of $1,196.9 increased 15%, or $162.1. Underlying business increased $144 primarily from higher volumes in all segments, partially offset by lower net recovery of raw material costs in pricing and higher operating costs. Favorable currency translation and foreign exchange impacts increased operating income by $18. On a GAAP basis, operating income in the current year includes $48.5 in net loss related to the Airgas transaction. The prior year included $61.3 in net loss related to the Airgas transaction.

Equity Affiliates' Income

Income from equity affiliates of $99.2 increased $7.6. Higher equity affiliate income in the Merchant Gases segment was partially offset by a charge for the anticipated sale of a plant in one of our affiliates in Asia.

Selling and Administrative Expense (S&A)

S&A expense of $756.9 increased $31.2 primarily due to unfavorable currency, higher pension expense, and inflation. S&A as a percent of sales decreased to 10.1% from 10.9%.

Research and Development (R&D)

R&D expense of $86.4 increased 4%, or $3.6, primarily due to increased spending in the Energy business. R&D, as a percent of sales, was 1.2% for both 2011 and 2010.

Net Loss on Airgas Transaction

As discussed in Note 3, Airgas Transaction, to the consolidated financial statements, we withdrew our tender offer to acquire all of the outstanding stock of Airgas on 15 February 2011. In connection with the tender offer, we had secured committed financing in the form of a $6.7 billion term loan credit facility. This credit facility was also terminated.

Prior to the tender offer, we purchased approximately 1.5 million shares of Airgas stock for a total cost of $69.6. This amount was recorded as an available-for-sale investment within other noncurrent assets on the consolidated balance sheet. On 16 February 2011, we sold the 1.5 million shares of Airgas stock for total proceeds of $94.7 and recognized a gain of $25.1 ($15.9 after-tax, or $.07 per share).

For the nine months ended 30 June 2011, $48.5 ($31.6 after-tax, or $.14 per share) in net loss was recognized related to this transaction. This amount is reflected separately on the consolidated income statement as "Net loss on Airgas transaction" and includes amortization of the fees related to the term loan credit facility, the gain on the sale of Airgas stock and other acquisition-related costs. For the year ended 30 September 2010, $96.0 ($60.1 after-tax, or $.28 per share) in expense was recognized in relation to this transaction. Refer to Note 3, Airgas Transaction, to the consolidated financial statements.

Pension Settlement

In the third quarter of 2010, we recognized a $6.3 ($3.9 after-tax, or $.02 per share) pension settlement charge. Our supplemental pension plan provides for a lump sum benefit payment option at the time of retirement, or for corporate officers six months after the participant's retirement date. We recognize pension settlements when payments exceed the sum of service and interest cost components of net periodic pension cost of the plan for the fiscal year.

Other Income, Net

Items recorded to other income arise from transactions and events not directly related to our principal income earning activities.

Other income of $23.0 decreased $6.8, primarily due to unfavorable foreign exchange and prior year gains on the sale of assets. Otherwise, no individual items were significant in comparison to the prior year.

Interest Expense

	Nine Months Ended 30 June	
	2011	2010
Interest incurred	$ 102.0	$ 102.2
Less: capitalized interest	15.1	11.1
Interest expense	**$ 86.9**	**$ 91.1**

Interest incurred decreased $.2. The decrease was driven by a lower average debt balance, partially offset by higher average interest rates on variable rate debt. The change in capitalized interest is driven by an increase in project spending which qualified for capitalization.

Effective Tax Rate

The effective tax rate equals the income tax provision divided by income from continuing operations before taxes. On a GAAP basis, the effective tax rate was 24.5% and 24.1% in 2011 and 2010, respectively. On a non-GAAP basis, the effective tax rate was 24.9% and 24.8% in 2011 and 2010, respectively.

Discontinued Operations

In fiscal 2009, we completed the divestiture of the U.S. Healthcare business which was accounted for as a discontinued operation. For additional historical information on this divestiture, refer to our 2010 Form 10-K.

As a result of a tax audit settlement in the current year, a tax benefit of $8.9, or $.04 per share related to the U.S. Healthcare business was reflected in income from discontinued operations. Refer to Note 15, Income Taxes and Discontinued Operations, to the consolidated financial statements for further details.

Net Income

Net income was $899.4 compared to $757.0 and diluted earnings per share was $4.12 compared to $3.49. On a non-GAAP basis, net income was $931.0 compared to $795.3 and diluted earnings per share was $4.26 compared to $3.67. A summary table of changes in earnings per share is presented on page 28.

Segment Analysis

Merchant Gases

	Nine Months Ended 30 June			
	2011	2010	$ Change	Change
Sales	$3,027.8	$2,770.3	$ 257.5	9%
Operating income	567.4	544.1	23.3	4%
Operating margin	18.7%	19.6%	—	(90bp)
Equity affiliates' income	89.9	76.6	13.3	17%

Merchant Gases Sales

	% Change from Prior Year
Underlying business	
Volume	6%
Price	1%
Currency	2%
Total Merchant Gases Sales Change	**9%**

Underlying sales increased 7% due to higher volumes of 6% and higher pricing of 1%. Volumes increased driven by strong growth in Asia and improvement in our North American and European liquid bulk businesses. Currency had a favorable impact of 2% on sales.

In North America, sales increased 5%, with price up 3% and volumes up 2%. The increase in volumes was primarily driven by growth in liquid oxygen and liquid nitrogen. Pricing increased across all product lines. In Europe, sales increased 4%, with 3% higher volume and favorable currency impacts of 2%, offset by 1% lower price. The volume increase was primarily due to stronger liquid/bulk growth and modest packaged gas improvement, partially offset by lower healthcare price and volume. In Asia, sales increased 29%, with volumes up 18%, a favorable currency impact of 6%, and pricing up 5%. Volumes increased on strength across all products.

Merchant Gases Operating Income and Margin

Operating income increased 4% primarily due to higher volumes of $53 and favorable currency of $11, partially offset by higher operating costs of $34 and lower net recovery of raw material costs in pricing of $7 driven primarily in the European businesses. Operating margin decreased 90 bp from prior year, primarily due to higher operating, maintenance, and distribution costs.

Table of Contents

Merchant Gases Equity Affiliates' Income

Merchant Gases equity affiliates' income increased as a result of higher volumes and an unfavorable adjustment in the prior year.

Tonnage Gases

	Nine Months Ended 30 June			
	2011	2010	$ Change	Change
Sales	$2,433.9	$2,179.1	$ 254.8	12%
Operating income	351.4	327.2	24.2	7%
Operating margin	14.4%	15.0%	—	(60bp)

Tonnage Gases Sales

	% Change from Prior Year
Underlying business	
Volume	11%
Currency	1%
Total Tonnage Gases Sales Change	**12%**

Volumes increased 11% driven by new projects and improvement in existing customer loadings. Currency favorably impacted sales 1%.

Tonnage Gases Operating Income and Margin

Operating income increased due to higher volumes of $27, primarily due to new plants brought onstream over the last twelve months, and favorable currency of $5, partially offset by higher costs of $8. Operating margin decreased 60 bp from prior year, primarily due to higher maintenance and operating costs.

Electronics and Performance Materials

	Nine Months Ended 30 June			
	2011	2010	$ Change	Change
Sales	$ 1,704.3	$ 1,381.5	$ 322.8	23%
Operating income	269.5	167.8	101.7	61%
Operating margin	15.8%	12.1%	—	370bp

Electronics and Performance Materials Sales

	% Change from Prior Year
Underlying business	
Volume	19%
Price	2%
Currency	2%
Total Electronics and Performance Materials Sales Change	**23%**

Sales increased due to higher volumes of 19%, higher pricing of 2%, and favorable currency of 2%. Electronics sales increased 29%, reflecting increased volumes in tonnage, specialty materials, and the equipment business. Performance Materials sales increased 17% due to volume growth across all end markets globally and higher pricing related to increased raw material costs.

Electronics and Performance Materials Operating Income and Margin

Operating income increased 61% primarily from higher volumes of $86, lower costs of $20, and favorable currency of $6, partially offset by lower net recovery of raw material costs in pricing of $10. Operating margin improved primarily due to higher volumes.

Table of Contents

Equipment and Energy

	Nine Months Ended 30 June			
	2011	2010	$ Change	% Change
Sales	$304.8	$343.9	$ (39.1)	(11)%
Operating income	51.3	47.1	4.2	9%

Equipment and Energy Sales and Operating Income

Sales decreased reflecting lower ASU activity. Operating income increased due to higher LNG project activity.

The sales backlog for the Equipment business at 30 June 2011 was $246, compared to $274 at 30 September 2010.

Other

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

Other operating income of $5.8 increased $4.2 primarily due to gains on asset sales partially offset by unfavorable foreign exchange.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

The presentation of non-GAAP measures is intended to enhance the usefulness of financial information by providing measures which our management uses internally to evaluate our baseline performance on a comparable basis. Presented below are reconciliations of the reported GAAP results to the non-GAAP measures.

CONSOLIDATED RESULTS

	Q3	Q3	Q3	Q3	YTD	YTD	YTD	YTD
	Continuing Operations							
	Operating Income	Operating Margin (c)	Income	Diluted EPS	Operating Income	Operating Margin (c)	Income	Diluted EPS
2011 GAAP	$ 416.8	16.2%	$ 317.6	$ 1.46	$ 1,196.9	16.0%	$ 890.5	$ 4.08
2010 GAAP	336.4	14.9%	253.2	1.17	1,022.0	15.3%	757.0	3.49
Change GAAP	$ 80.4	130bp	$ 64.4	$ .29	$ 174.9	70bp	$ 133.5	$ .59
% Change GAAP	24%		25%	25%	17%		18%	17%
2011 GAAP	$ 416.8	16.2%	$ 317.6	$ 1.46	$ 1,196.9	16.0%	$ 890.5	$ 4.08
Net loss on Airgas transaction	—	—	—	—	48.5	.7%	31.6	.14
2011 Non-GAAP Measure	$ 416.8	16.2%	$ 317.6	$ 1.46	$ 1,245.4	16.7%	$ 922.1	$ 4.22
2010 GAAP	$ 336.4	14.9%	$ 253.2	$ 1.17	$ 1,022.0	15.3%	$ 757.0	$ 3.49
Net loss on Airgas transaction	37.9	1.7%	23.7	.11	61.3	.9%	38.3	.18
2010 Non-GAAP Measure	$ 374.3	16.6%	$ 276.9	$ 1.28	$ 1,083.3	16.2%	$ 795.3	$ 3.67
Change Non-GAAP Measure	$ 42.5	(40bp)	$ 40.7	$ .18	$ 162.1	50bp	$ 126.8	$ .55
% Change Non-GAAP Measure	11%		15%	14%	15%		16%	15%

[Table of Contents](#)

CONSOLIDATED RESULTS

	Q3 Net Income	Q3 Diluted EPS	YTD Net Income	YTD Diluted EPS
2011 GAAP	$ 326.5	$ 1.50	$ 899.4	$ 4.12
2010 GAAP	253.2	1.17	757.0	3.49
Change GAAP	$ 73.3	.33	$ 142.4	.63
% Change GAAP	29%	28%	19%	18%
2011 GAAP	$ 326.5	$ 1.50	$ 899.4	$ 4.12
Net loss on Airgas transaction (tax impact $16.9) (a)	—	—	31.6	.14
2011 Non-GAAP Measure	$ 326.5	$ 1.50	$ 931.0	$ 4.26
2010 GAAP	$ 253.2	$ 1.17	$ 757.0	$ 3.49
Net loss on Airgas transaction (tax impact $14.2 and $23.0) (b)	23.7	.11	38.3	.18
2010 Non-GAAP Measure	$ 276.9	$ 1.28	$ 795.3	$ 3.67
Change Non-GAAP Measure	$ 49.6	$ .22	$ 135.7	$ .59
% Change Non-GAAP Measure	18%	17%	17%	16%

	Effective Tax Rate			
	Q3 2011	Q3 2010	YTD 2011	YTD 2010
Income Tax Provision — GAAP	$103.9	$ 77.6	$ 295.7	$ 246.0
Income from continuing operations before taxes — GAAP	$430.0	$338.9	$1,209.2	$1,022.5
Effective Tax Rate — GAAP	24.2%	22.9%	24.5%	24.1%
Income Tax Provision — GAAP	$103.9	$ 77.6	$ 295.7	$ 246.0
Net loss on Airgas transaction tax impact	—	14.2	16.9	23.0
Income Tax Provision — Non-GAAP Measure	$103.9	$ 91.8	$ 312.6	$ 269.0
Income from continuing operations before taxes — GAAP	$430.0	$338.9	$1,209.2	$1,022.5
Net loss on Airgas transaction	—	37.9	48.5	61.3
Income from continuing operations before taxes — Non-GAAP Measure	$430.0	$376.8	$1,257.7	$1,083.8
Effective Tax Rate — Non-GAAP Measure	24.2%	24.4%	24.9%	24.8%

(a) Based on statutory tax rate of 36.57%, including impact of tax rate adjustment for 2010 and first quarter 2011 costs.
(b) Based on average statutory tax rate of 37.44%
(c) Operating Margin is calculated by dividing operating income by sales.

PENSION BENEFITS

Refer to Note 9, Retirement Benefits, to the consolidated financial statements for details on pension cost and cash contributions. For additional information on our pension benefits and associated accounting policies, refer to the Pension Benefits section of Management's Discussion and Analysis and Note 16, Retirement Benefits, to the consolidated financial statements in our 2010 Form 10-K.

LIQUIDITY AND CAPITAL RESOURCES

We have maintained a strong financial position through the first nine months of 2011. We continue to have consistent access to commercial paper markets and cash flow from operations and financing activities are expected to meet liquidity needs for the foreseeable future.

The narrative below refers to the consolidated statements of cash flows included on page 6.

Operating Activities

Net cash provided by operating activities increased $95.5, or 9%. The increase resulted from higher net income of $142.4 combined with the favorable impact of changes in working capital of $157.9, partially offset by higher payments of Airgas acquisition-related costs of $147.4 and unfavorable adjustments to income to reconcile to cash provided by operating activities of $57.4.

Changes in working capital increased cash provided by $157.9 and primarily included:

— A $148.3 positive cash flow variance from payables and accrued liabilities resulting primarily from higher pension contributions and other accrued payments in the prior year.

— A $45.8 positive cash flow variance in trade receivables. The current year reflected a negative cash flow of $105.5 while the prior year reflected a negative cash flow of $151.3. Faster collections of receivables in the current year partially offset the increase in sales.

— A $36.2 net negative cash flow variance in several other working capital accounts, primarily from changes in inventories and prepaid expenses. Inventory levels in the Electronics and Performance Materials segment were increased to support rising sales.

Payments of Airgas acquisition related costs in the current year were $156.2 compared to $8.8 in the prior year. The current year payments included financing fees and other costs related to the acquisition effort.

Investing Activities

Cash used for investing activities increased $43.3 and primarily included:

— Higher capital expenditures for plant and equipment of $208.1.

— Higher investments and advance to unconsolidated affiliates of $41.3.

— A $164.3 positive cash flow variance from the current year proceeds of $94.7 received from the sale of Airgas shares and the prior year purchase of approximately 1.5 million shares of Airgas stock for $69.6.

— A $29.7 positive cash flow variance from higher proceeds from the sale of assets and investments. Of this amount $18.8 related to a sale recognized in 2010.

Capital expenditures are detailed in the table below:

	Nine Months Ended 30 June	
	2011	2010
Additions to plant and equipment	$ 965.3	$ 757.2
Acquisitions, less cash acquired	9.9	37.2
Short-term borrowings associated with SAGA acquisition (A)	—	54.6
Investment in and advances to unconsolidated affiliates	46.0	4.7
Capital expenditures on a GAAP basis	$ 1,021.2	$ 853.7
Capital lease expenditures (B)	147.1	100.2
Noncurrent liability related to purchase of shares from noncontrolling interests (B)	—	39.8
Capital expenditures on a Non-GAAP basis	$ 1,168.3	$ 993.7

(A) Noncash transaction.

(B) We utilize a non-GAAP measure in the computation of capital expenditures and include spending associated with facilities accounted for as capital leases and purchases of noncontrolling interests. Certain contracts associated with facilities that are built to provide product to a specific customer are required to be accounted for as leases, and such spending is reflected as a use of cash within cash provided by operating activities. Additionally, the purchase of noncontrolling interests in a subsidiary is accounted for as an equity transaction and will be reflected as a financing activity in the statement of cash flows. The presentation of this non-GAAP measure is intended to enhance the usefulness of information by providing a measure which our management uses internally to evaluate and manage our expenditures.

Financing Activities

Cash used for financing activities decreased $67.6, primarily due to a net increase in borrowings of $337.6, and higher proceeds of $82.1 from stock option exercises, partially offset by the purchase of treasury stock for $350.0.

— Our borrowings (short- and long-term proceeds, net of repayments) were a net increase of $288.7 as compared to net repayments of $48.9 during 2010. Borrowings in 2011 included $444.0 of commercial paper. Payments in 2011 included a $156.0 Medium-term note and the purchase of the remaining shares of SAGA (€44.8 million, or approximately $62), as more fully described in Note 4, Business Combinations, to the consolidated financial statements.

Total debt at 30 June 2011 and 30 September 2010, expressed as a percentage of the sum of total debt and total equity, was 41.3% and 42.0%, respectively. Total debt increased from $4,128.3 at 30 September 2010 to $4,497.7 at 30 June 2011.

Effective 31 March 2011, we increased our total multicurrency revolving facility, maturing in July 2013, by $170.0, to a total of $2,170.0. Effective 30 June 2011, this $2,170.0 facility was amended to extend the maturity date from 8 July 2013 to 30 June 2015, reduce facility fees to reflect current market rates and modify the financial covenant. Our only financial covenant changed from a maximum ratio of total debt to earnings before interest, taxes, depreciation, and amortization (EBITDA) of no greater than 3.0 to a ratio of long-term debt to equity of no greater than 60%. There were no other material changes to the terms and conditions of the arrangement. No borrowings were outstanding under these commitments. Additional commitments totaling $493.6 are maintained by our foreign subsidiaries, of which $417.4 was borrowed and outstanding at 30 June 2011.

In connection with the Airgas tender offer, we had secured committed financing in the form of a $6.7 billion term loan credit facility. Refer to Note 15, Debt, in our 2010 Form 10-K for additional information on this credit facility which would have expired 4 February 2011. On 3 February 2011, we entered into an amended and restated credit agreement providing for an amended $6.7 billion term loan credit facility with a maturity date of 4 June 2011. The amended credit facility agreement contained the same covenants as the original agreement: one financial covenant, a maximum leverage ratio, and other affirmative and negative covenants, including restrictions on liens and certain subsidiary indebtedness. No additional underwriting fees were incurred in relation to the amended agreement. On 16 February 2011, in connection with the termination of the offer to purchase all outstanding shares of common stock of Airgas, the credit facility was terminated. No early termination penalties were incurred and all fees previously accrued and due under the credit facility were paid as of date of termination.

We are in compliance with all of the financial and other covenants under our debt agreements.

On 20 September 2007, the Board of Directors authorized the repurchase of up to $1,000 of our outstanding common stock. During the first nine months of fiscal year 2011, we purchased 3.8 million of our outstanding shares at a cost of $350.0. At 30 June 2011, $299.2 in share repurchase authorization remains.

CONTRACTUAL OBLIGATIONS

We are obligated to make future payments under various contracts such as debt agreements, lease agreements, unconditional purchase obligations, and other long-term obligations. There have been no material changes to contractual obligations as reflected in the Management’s Discussion and Analysis in our 2010 Form 10-K.

COMMITMENTS AND CONTINGENCIES

Refer to Note 17, Commitments and Contingencies, to the consolidated financial statements in our 2010 Form 10-K and for current updates on Litigation and Environmental matters refer to Note 10, Commitments and Contingencies, in this quarterly filing.

OFF-BALANCE SHEET ARRANGEMENTS

There have been no material changes to off-balance sheet arrangements as reflected in the Management’s Discussion and Analysis in our 2010 Form 10-K. We are not a primary beneficiary in any material variable interest entity. Our off-balance sheet arrangements are not reasonably likely to have a material impact on financial condition, changes in financial condition, and results of operations or liquidity.

RELATED PARTY TRANSACTIONS

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

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 U.S. generally accepted accounting principles. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Our significant accounting policies are described in Note 1, Major Accounting Policies, to the consolidated financial statements and the critical accounting policies and estimates are described in the Management's Discussion and Analysis included in our 2010 Form 10-K. Information concerning our implementation and impact of new accounting standards issued by the FASB is included in Note 2, New Accounting Guidance, to the consolidated financial statements. There have been no changes in accounting policy in the current period that had a material impact on our financial condition, change in financial condition, liquidity, or results of operations.

NEW ACCOUNTING GUIDANCE

See Note 2, New Accounting Guidance, to the consolidated financial statements for information concerning our implementation and impact of new accounting guidance.

FORWARD-LOOKING STATEMENTS

This report contains "forward-looking statements" within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management's reasonable expectations and assumptions as of the date this report is filed. Actual performance and financial results may differ materially from projections and estimates expressed in the forward-looking statements because of many factors not anticipated by management, including, without limitation, stalling of global economic recovery; renewed deterioration in economic and business conditions; weakening demand for the Company's products; future financial and operating performance of major customers and industries served by the Company; unanticipated contract terminations or customer cancellations or postponement of projects and sales; the success of commercial negotiations; asset impairments due to economic conditions or specific product or customer events; the impact of competitive products and pricing; interruption in ordinary sources of supply of raw materials; the ability to recover unanticipated increased energy and raw material costs from customers; costs and outcomes of litigation or regulatory actions; successful development and market acceptance of new products and applications; the ability to attract, hire and retain qualified personnel in all regions of the world where the Company operates; consequences of acts of war or terrorism impacting the United States and other markets; the effects of a natural disaster; the success of cost reduction and productivity programs and achieving anticipated acquisition synergies; the timing, impact, and other uncertainties of future acquisitions or divestitures; significant fluctuations in interest rates and foreign currencies from that currently anticipated; the continued availability of capital funding sources in all of the Company's foreign operations; the impact of environmental, healthcare, tax or other legislation and regulations in jurisdictions in which the Company and its affiliates operate; the impact of new or changed financial accounting guidance; the timing and rate at which tax credits can be utilized and other risk factors described in the Company's Form 10-K for its fiscal year ended 30 September 2010. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company's assumptions, beliefs or expectations or any change in events, conditions, or circumstances upon which any such forward-looking statements are based.

Item 3.Quantitative and Qualitative Disclosures About Market Risk

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 2010 Form 10-K.

There were no material changes to market risk sensitivities for interest rate risk on fixed debt, foreign currency exchange rate risk, or commodity price risk since 30 September 2010.

The net financial instrument position increased from a liability of $4,128 at 30 September 2010 to a liability of $4,296 at 30 June 2011. The increase is primarily due to the impact of a higher book value of long-term debt (excluding exchange rate impacts) and the impact of a weaker U.S. Dollar on the translation of foreign currency debt and market value of foreign exchange forward contracts, partially offset by the impact of higher interest rates on the market value of long-term debt and interest rate and currency swaps.

Item 4.Controls and Procedures

We maintain a comprehensive set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). As of 30 June 2011 (the Evaluation Date), an evaluation of the effectiveness of our disclosure controls and procedures was carried out under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report these disclosure controls and procedures were effective.

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

PART II. OTHER INFORMATION

Item 6.Exhibits.

Exhibits required by Item 601 of Regulation S-K

10.1	Amendment No. 2 dated as of June 30, 2011, to the Revolving Credit Agreement dated as of July 8, 2010.
12.	Computation of Ratios of Earnings to Fixed Charges.
31.1.	Certification by the Principal Executive Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2.	Certification by the Principal Financial Officer pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.	Certification by the Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. †
101.INS	XBRL Instance Document††
101.SCH	XBRL Taxonomy Extension Schema††
101.CAL	XBRL Taxonomy Extension Calculation Linkbase††
101.LAB	XBRL Taxonomy Extension Label Linkbase††
101.PRE	XBRL Taxonomy Extension Presentation Linkbase††
101.DEF	XBRL Taxonomy Extension Definition Linkbase††

† 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.

†† In accordance with Rule 406T of Regulation S-T, the information in these exhibits shall not be deemed to be “filed” for purposes of Section 18 of the Exchange Act, or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

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

Air Products and Chemicals, Inc.
(Registrant)

Date: 27 July 2011

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

EXHIBIT INDEX

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EXECUTION VERSION

AMENDMENT NO. 2 dated as of June 30, 2011, to the Revolving Credit Agreement dated as of July 8, 2010, as amended by the Amendment dated as of March 31, 2011 (the "Credit Agreement"), among AIR PRODUCTS AND CHEMICALS, INC. (the "Parent"), the Other Borrowers parties thereto from time to time, the Lenders parties thereto from time to time and THE ROYAL BANK OF SCOTLAND PLC, as Administrative Agent for the Lenders thereunder.

Pursuant to the Credit Agreement, the Lenders have agreed to make loans to the Parent and certain of its Subsidiaries. The Parent has requested certain amendments to the Credit Agreement as set forth herein. Accordingly, in consideration of the mutual agreements herein contained and other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Definitions. Capitalized terms used but not defined in this Amendment have the meanings assigned thereto in the Credit Agreement.

SECTION 2. Amendment of the Credit Agreement. Effective as of the Amendment Effective Date (as defined below):

(a) Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions in proper alphabetical order:

"Adjusted Long-Term Debt" shall mean, at any time, the Parent's consolidated long-term debt (not including the current portion of long-term debt), determined without giving effect to any increases or decreases in such long-term debt attributable to the amount of non-recourse (to the Parent or any Subsidiary) indebtedness of variable interest entities required to be consolidated on the Parent's financial statements for financial accounting purposes by FASB Staff Position No. FIN 46(R)-6 - Determining the Variability to be Considered in Applying FASB Interpretation No. 46(R) or any related subsequent accounting standard.

"Adjusted Shareholders Equity" shall mean, at any time, the Parent's shareholders equity as reported on the Parent's most recently published consolidated balance sheet minus the amount of goodwill included on the Parent's most recently published consolidated balance sheet, all determined without giving effect to any increases or decreases in such shareholders equity attributable to the amount of direct or indirect equity interests of the Parent in variable interest entities required to be consolidated on the Parent's financial statements for financial accounting purposes by FASB Staff Position No. FIN 46(R)-6 - Determining the Variability to be Considered in Applying FASB Interpretation No. 46(R) or any related subsequent accounting standard.

(b) Section 1.01 of the Credit Agreement is hereby further amended by deleting the following definitions in their entirety:

“Acquisition Transactions”

“Airgas”

“Bridge Agreement”

“Consolidated EBITDA”

“Target Refinancing”

“Test Period”

(c) Section 1.01 of the Credit Agreement is hereby further amended by amending the definition of the term “Competitive Bid Expiration Date” by replacing “July 8, 2013” with “June 30, 2015”.

(d) Section 1.01 of the Credit Agreement is hereby further amended by amending the definition of the term “Market Rate Spread” by replacing “three-year” with “four-year”.

(e) Section 1.01 of the Credit Agreement is hereby further amended by amending the definition of the term “Revolving Credit Maturity Date” by replacing “July 8, 2013” with “June 30, 2015”.

(f) Section 1.01 of the Credit Agreement is hereby further amended by amending and restating the definition of the term “Leverage Ratio” in its entirety to read as follows:

““Leverage Ratio” shall mean, at any time, the ratio of (a) the Adjusted Long-Term Debt at such time to (b) the sum of (i) the Adjusted Long-Term Debt at such time plus (ii) the Adjusted Shareholders Equity at such time.”

(g) Section 2.09 of the Credit Agreement is hereby amended by replacing “$500,000,000” with “$330,000,000”.

(h) Section 4.08(a) of the Credit Agreement is hereby amended by inserting the following proviso immediately before the colon in the first sentence thereof:

“; <u>provided however</u>, that for purposes of this Section 4.08, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act or any change therein or interpretation or application thereof by any Governmental Authority charged with the interpretation or administration thereof or compliance with any request or directive of any Governmental Authority (whether or not having the force of Law) and (y) any requests or directives promulgated by, or the interpretations or applications thereof by the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall be deemed to have been adopted or made after the date hereof."

(i) Section 5.08 of the Credit Agreement is hereby amended by deleting the following parenthetical from the first sentence thereof: "(other than any indenture, agreement or other instrument of Airgas or any of its Subsidiaries in effect as of the Closing Date)".

(j) Section 8.01 of the Credit Agreement is hereby amended by amending and restating the Section 8.01 in its entirety to read as follows:

"SECTION 8.01 Maximum Leverage Ratio. Permit the Leverage Ratio to at any time exceed 0.60 to 1.00."

(k) Schedule I to the Credit Agreement is hereby amended by replacing the pricing grid therein with the following:

Public Debt Ratings	Market Rate Spread		Commitment Fee
	Minimum	Maximum	
A+ or A1	0.250%	0.875%	0.065%
A or A2	0.350%	1.000%	0.080%
A- or A3	0.500%	1.250%	0.125%
BBB+ or Baa1	0.750%	1.500%	0.150%
Other	1.000%	1.750%	0.200%

SECTION 3. Representations and Warranties. To induce the other parties hereto to enter into this Amendment, the Parent, hereby represents and warrants to each of the Administrative Agent and the Lenders that at the time of and immediately after giving effect to this Amendment on the Amendment Effective Date:

(a) Each of the representations and warranties made by the Parent in Sections 5.03, 5.04, 5.05 and 5.07 of the Credit Agreement shall be true and correct in all material respects on and as of the Amendment Effective Date as if made on and as of such date, both immediately before and immediately after giving effect to this Amendment.

(b) No Event of Default and no Potential Event of Default, has occurred and is continuing on and as of the Amendment Effective Date, both immediately before and immediately after giving effect to this Amendment.

SECTION 4. Effectiveness. This Amendment shall become effective as of the date (the "Amendment Effective Date") on which:

(a) The Administrative Agent (or its counsel) shall have received counterparts of this Amendment that, when taken together, bear the signatures of each Borrower and each Lender.

(b) The Administrative Agent (or its counsel) shall have received a legal opinion dated the Amendment Effective Date from counsel to the Parent in form and substance reasonably satisfactory to the Administrative Agent as to the matters set forth in Sections 5.03, 5.04, 5.05 and 5.07 of the Credit Agreement.

(c) The representations and warranties in Section 3 of this Amendment shall be true and correct and the Administrative Agent shall have a received a certificate to such effect dated the Amendment Effective Date and signed by the Treasurer or a Vice President of the Parent.

(d) The Parent shall have paid all fees and expenses required to be paid by it on or before the Amendment Effective Date in connection with this Amendment.

SECTION 5. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Amendment by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.

SECTION 6. Effect of Amendment. Except as expressly set forth herein, this Amendment shall not by implication or otherwise alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Credit Agreement, all of which are ratified and affirmed in all respects and shall continue in full force and effect. After the date hereof, any reference to the Credit Agreement shall mean the Credit Agreement as modified hereby. This Amendment shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

SECTION 7. Notices. All notices hereunder shall be given in accordance with the provisions of Section 12.05 of the Credit Agreement.

SECTION 8. Governing Law; Submission to Jurisdiction: Waiver of Jury Trial. (a) Governing law. THIS AMENDMENT SHALL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CHOICE OF LAW PRINCIPLES.

(b) Certain Waivers. THE PARENT, EACH LENDER, EACH ISSUER AND THE ADMINISTRATIVE AGENT WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BY ANY PERSON ARISING FROM OR RELATING TO THIS AMENDMENT OR ANY STATEMENT, COURSE OF CONDUCT, ACT, OMISSION OR EVENT OCCURRING IN CONNECTION

HEREWITH (COLLECTIVELY, “RELATED LITIGATION”). IN ADDITION, THE PARENT HEREBY IRREVOCABLY AND UNCONDITIONALLY:

(i) AGREES THAT ANY RELATED LITIGATION BY ANY ISSUER OR LENDER OR THE ADMINISTRATIVE AGENT MAY BE BROUGHT IN ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION SITTING IN NEW YORK COUNTY, NEW YORK, AND SUBMITS TO THE JURISDICTION OF SUCH COURTS (BUT NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY ISSUER, LENDER OR THE PARENT TO BRING ANY ACTION, SUIT OR PROCEEDING IN ANY OTHER FORUM);

(ii) WAIVES ANY OBJECTION WHICH IT MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY RELATED LITIGATION BROUGHT IN ANY SUCH COURT, WAIVES ANY CLAIM THAT ANY SUCH RELATED LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, AND WAIVES ANY RIGHT TO OBJECT, WITH RESPECT TO ANY RELATED LITIGATION BROUGHT IN ANY SUCH COURT, THAT SUCH COURT DOES NOT HAVE JURISDICTION OVER THE PARENT; AND

(iii) CONSENTS AND AGREES TO SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER LEGAL PROCESS IN ANY RELATED LITIGATION BY REGISTERED OR CERTIFIED U.S. MAIL, POSTAGE PREPAID, TO THE PARENT AT THE ADDRESS FOR NOTICES DESCRIBED IN SECTION 7 HEREOF, AND CONSENTS AND AGREES THAT SUCH SERVICE SHALL CONSTITUTE IN EVERY RESPECT VALID AND EFFECTIVE SERVICE (BUT NOTHING HEREIN SHALL AFFECT THE VALIDITY OR EFFECTIVENESS OF PROCESS SERVED IN ANY OTHER MANNER PERMITTED BY LAW).

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

AIR PRODUCTS AND CHEMICALS, INC.,

by /s/ George G. Bitto

Name: George G. Bitto

Title: Vice President and Treasurer

[Signature Page to Air Products Amendment]

THE ROYAL BANK OF SCOTLAND PLC,
Individually and as Administrative Agent,

by /s/ Paul Chisholm Attorney-in-Fact
Name: Paul Chisholm
Title: Vice President

[Signature Page to Air Products Amendment]

CO-SYNDICATION AGENTS

BNP PARIBAS,
Individually and as Co-Syndication Agent

by /s/ Christopher Sked
Name: Christopher Sked
Title: Director

by /s/ Brendan Heneghan
Name: Brendan Heneghan
Title: Vice President

HSBC BANK USA, N.A.,
Individually and as Co-Syndication Agent

by /s/ David A. Mandell
Name: David A. Mandell
Title: Managing Director

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
Banco Santander, S.A., New York Branch

by /s/ Jorge Saavedra
Name: Jorge Saavedra
Title: Executive Director

*by /s/ Jesus Lopez
Name: Jesus Lopez
Title: Senior Vice President

* For Lenders requiring two signature blocks.

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
Bank of America, N.A.

by /s/ George Hlentzas
Name: George Hlentzas
Title: Vice President

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
THE BANK OF NOVA SCOTIA

by /s/ David Mahmood
Name: David Mahmood
Title: Managing Director

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

by /s/ Alan Reiter
Name: Alan Reiter
Title: V.P.

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
BARCLAYS BANK PLC

by /s/ Vanessa A. Kurbatskiy
Name: Vanessa A. Kurbatskiy
Title: Vice President

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
Deutsche Bank AG New York Branch

by /s/ Philippe Sandmeier
Name: Philippe Sandmeier
Title: Managing Director

*by /s/ Virginia Cosenza
Name: Virginia Cosenza
Title: Vice President

* For Lenders requiring two signature blocks.

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
INTESA SANPAOLO S.p.A.

by /s/ Sergio Maggioni
Name: Sergio Maggioni
Title: FVP & Head of Business

*by /s/ Robert Wurster
Name: Robert Wurster
Title: Senior Vice President

* For Lenders requiring two signature blocks.

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
JPMorgan Chase Bank, N.A.

by /s/ Gitanjali Pundir
Name: Gitanjali Pundir
Title: Vice President

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
Mizuho Corporate Bank, Ltd.

by /s/ Leon Mo
Name: Leon Mo
Title: Authorized Signatory

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
MORGAN STANLEY BANK, N.A.

by /s/ Sherrese Clarke
Name: Sherrese Clarke
Title: Authorized Signatory

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
SUMITOMO MITSUI BANKING
CORPORATION

by /s/ Shuji Yabe
Name: Shuji Yabe
Title: General Manager

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
UBS Loan Finance LLC

by /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

*by /s/ Mary E. Evans
Name: Mary E. Evans
Title: Associate Director

* For Lenders requiring two signature blocks.

[Signature Page to Air Products Amendment]

SIGNATURE PAGE TO THE
AIR PRODUCTS AND CHEMICALS, INC.
AMENDMENT DATED
AS OF THE DATE FIRST WRITTEN ABOVE

Name Of Lender:
Wells Fargo Bank, N.A.

by /s/ Michael J. Gigler
Name: Michael J. Gigler
Title: Senior Vice President

[Signature Page to Air Products Amendment]

AIR PRODUCTS AND CHEMICALS, INC., AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

(Unaudited)

(Millions of dollars)	Nine Months Ended 30 June 2011	Year Ended 30 September 2010	2009	2008	2007	2006
Earnings:						
Income from continuing operations [(1)]	$ 913.5	$1,054.5	$651.3	$1,113.5	$1,040.4	$ 753.0
Add (deduct):						
Provision for income taxes	306.6	354.9	196.2	381.7	289.0	271.9
Fixed charges, excluding capitalized interest	106.2	147.9	149.2	188.8	190.9	146.7
Capitalized interest amortized during the period	6.2	8.7	7.7	6.6	6.4	6.5
Undistributed earnings of less-than-fifty-percent-owned affiliates	(22.3)	(29.2)	(44.2)	(72.7)	(61.2)	(29.2)
Earnings, as adjusted	$1,310.2	$1,536.8	$960.2	$1,617.9	$1,465.5	$1,148.9
Fixed Charges:						
Interest on indebtedness, including capital lease obligations	$ 83.5	$ 121.8	$125.1	$ 164.4	$ 163.7	$ 119.8
Capitalized interest	15.8	14.5	22.2	27.3	14.6	18.8
Amortization of debt discount premium and expense	6.2	5.6	4.7	4.0	4.1	4.8
Portion of rents under operating leases representative of the interest factor	16.5	20.5	19.4	20.4	23.1	22.1
Fixed charges	$ 122.0	$ 162.4	$171.4	$ 216.1	$ 205.5	$ 165.5
Ratio of Earnings to Fixed Charges [(2)]:	10.7	9.5	5.6	7.5	7.1	6.9

(1) During the twelve months ended 30 September 2009, income from continuing operations included a charge of $298.2 ($200.3 after-tax) for the global cost reduction plan.

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

Exhibit 31.1

PRINCIPAL EXECUTIVE OFFICER'S CERTIFICATION

I, John E. McGlade, certify that:

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

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

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

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

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

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

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

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

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

Date: 27 July 2011

/s/ John E. McGlade

John E. McGlade
President and Chief Executive Officer

Exhibit 31.2

PRINCIPAL FINANCIAL OFFICER'S CERTIFICATION

I, Paul E. Huck, certify that:

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

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

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

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

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

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

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

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

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

Date: 27 July 2011

/s/ Paul E. Huck

Paul E. Huck

Senior Vice President and Chief Financial Officer

Exhibit 32

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

In connection with the Quarterly Report of Air Products and Chemicals, Inc. (the “Company”) on Form 10-Q for the period ending 30 June 2011, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), we, John E. McGlade, Chief Executive Officer of the Company, and Paul E. Huck, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: 27 July 2011

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

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