

AIR PRODUCTS



Why Invest in APD?

January 2009

Forward-Looking Statements

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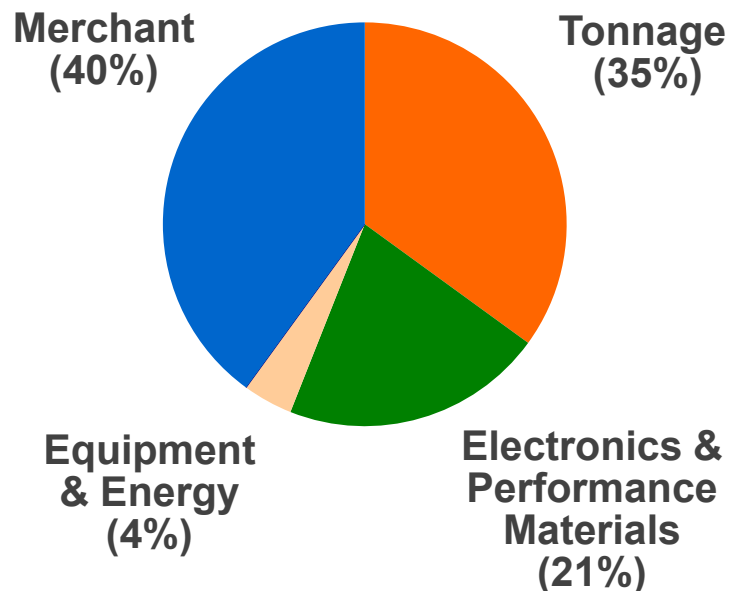
This presentation contains “forward-looking statements” within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on management’s reasonable expectations and assumptions as of the date of this document regarding important risk factors. Actual performance and financial results may differ materially from projections and estimates expressed in the forward-looking statements because of many factors, including, without limitation, continuing 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; 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 activities; consequences of acts of war or terrorism impacting the United States’ and other markets; the effects of a pandemic or epidemic or a natural disaster; charges related to current portfolio management and cost reduction actions; the success of implementing cost reduction programs and achieving anticipated acquisition synergies; the timing, impact, and other uncertainties of future acquisitions or divestitures; the ability to attract, hire and retain qualified personnel in all regions of the world where the Company operates; significant fluctuations in interest rates and foreign currencies from that currently anticipated; the continued availability of capital funding sources in all of the Company’s foreign operations; the impact of new or changed environmental, healthcare, tax or other legislation and regulations in jurisdictions in which the Company and its affiliates operate; the impact of new or changed financial accounting standards; and the timing and rate at which tax credits can be utilized. The Company disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained in this document to reflect any change in the Company’s assumptions, beliefs or expectations or any change in events, conditions or circumstances upon which any such forward-looking statements are based.

Air Products

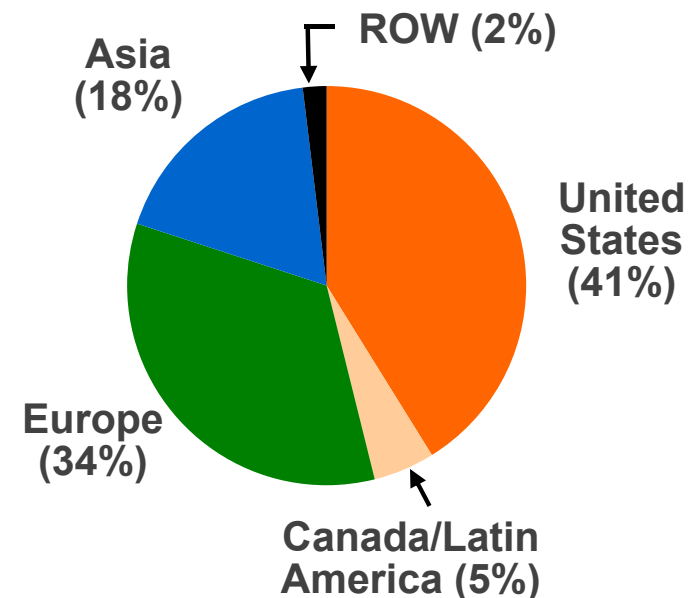
At a glance

- **\$10.4B company**
- **Diverse markets and geographies**
- **Positioned for continued long-term value creation**

Business Segment Sales



Geographic Sales



Air Products Value Proposition

Profitable Growth

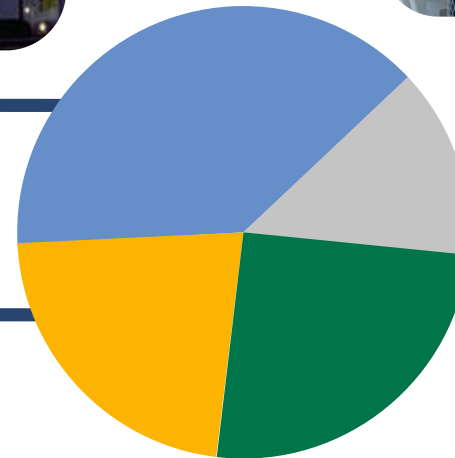
- **Stability**
 - Long term contracts
 - Consistent and predictable cash flows
 - Strong balance sheet
- **Growth**
 - Project backlog
 - Energy opportunities
- **Improving returns**
 - Margin improvement
 - Productivity
 - Increasing dividends
 - Share buyback



Supply Modes

Durable Business Models

10, 15 and 20-year contracts
Take-or-pay minimum volumes
Contractual energy pass-through
Formula escalation



3-5 year contracts
Regional business
Cost pass-through/surcharges

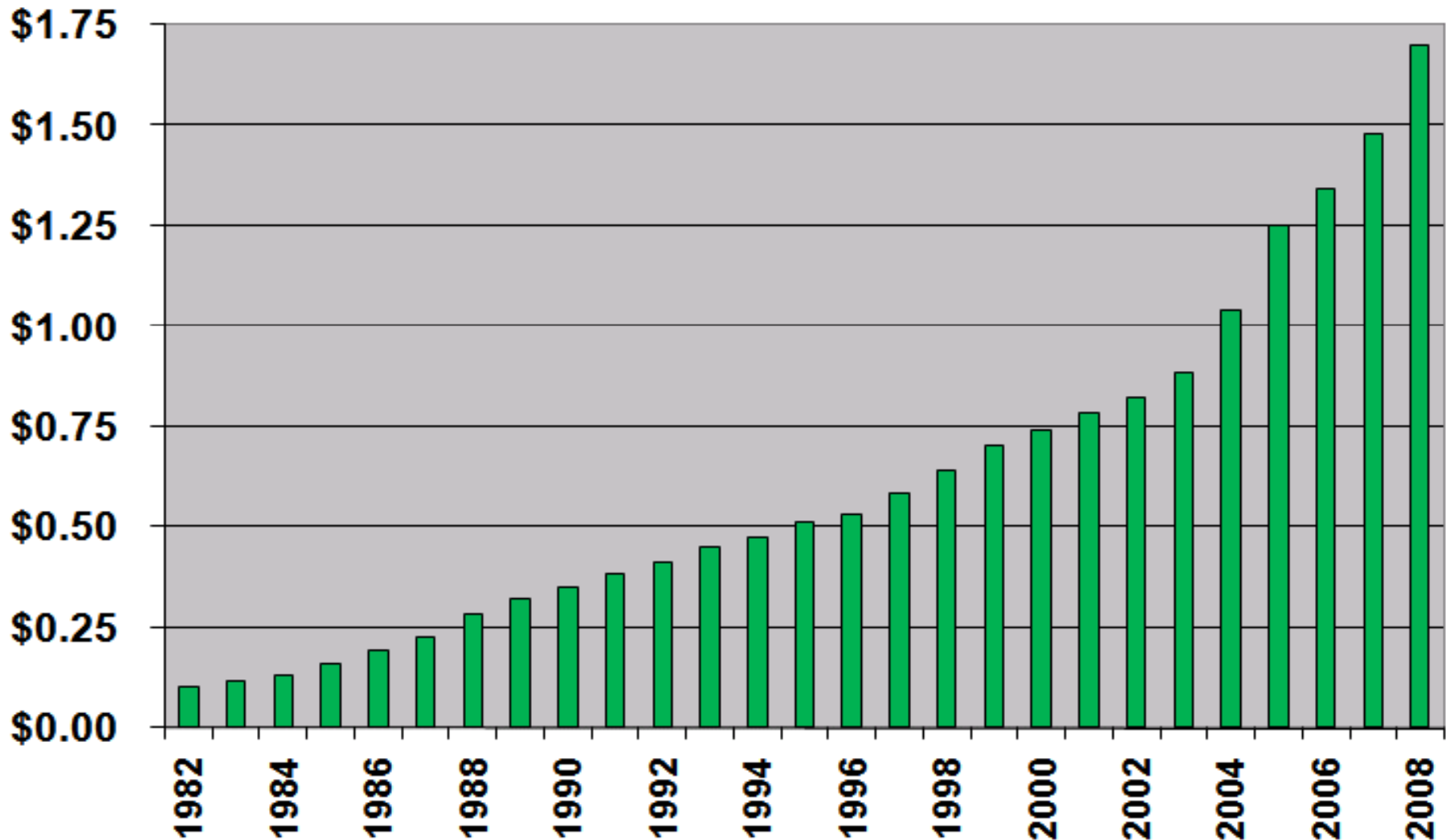


Fiscal Year 2008: *Fifth Year of Double-Digit Growth**

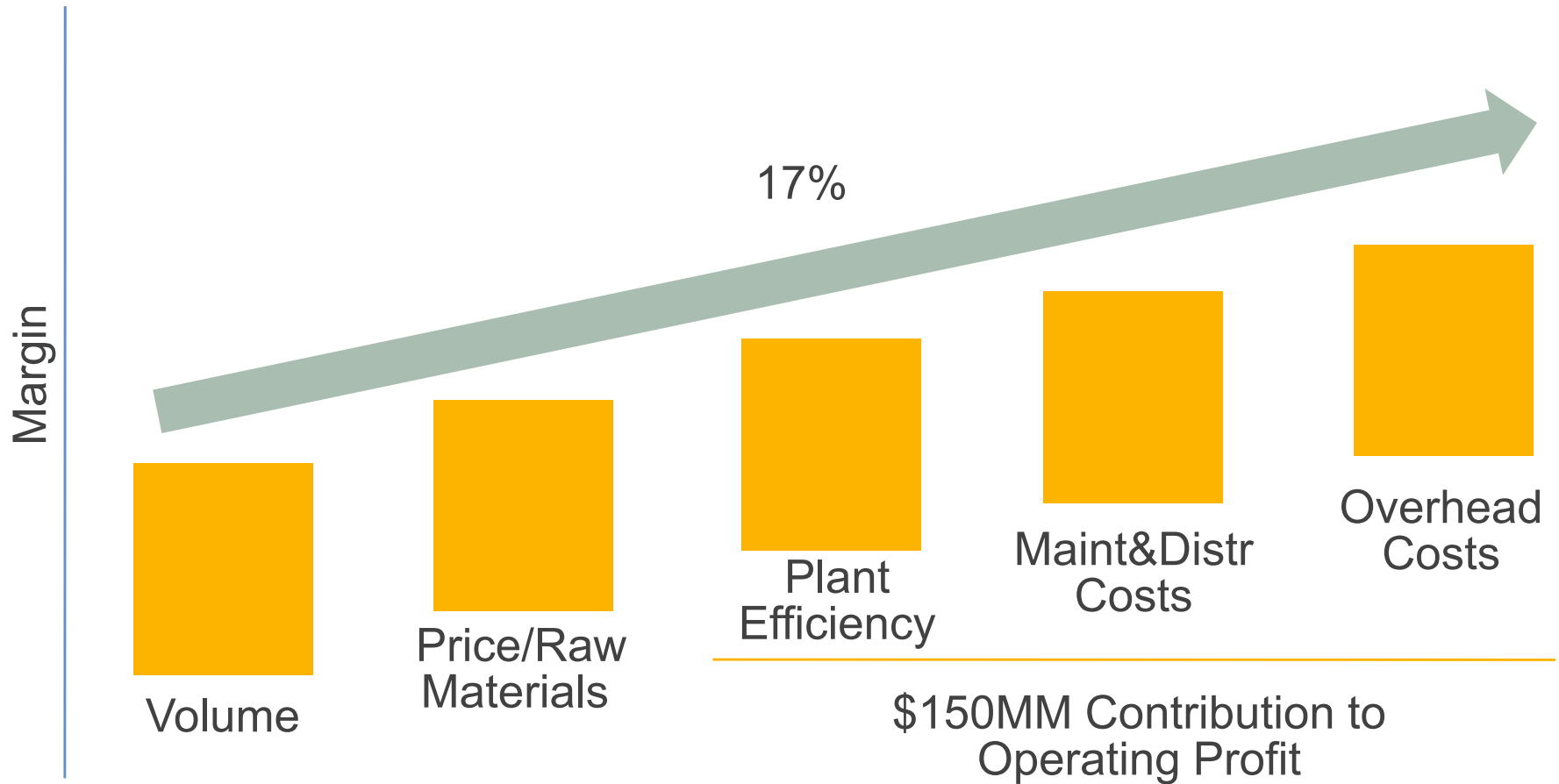
(\$Millions)	FY07	FY08	Growth vs. PY	
			\$ Δ	% Δ
Sales	\$9,148	\$10,415	\$1,267	14%
Operating Income	1,358	1,522	164	12%
Operating Margin	14.8%	14.6%		(20bp)
Equity Affiliates Inc.	114	145	31	27%
Net Income	953	1,107	154	16%
EPS (\$/share)	4.27	5.05	0.78	18%
ROCE (%)	12.5%	13.0%		50bp

- \$787MM in shares repurchased, \$650MM authorization remaining
- Continued to improve the portfolio, sold Emulsions & HPPC, selling U.S. Healthcare business

Increasing Dividends: *Confidence in Cash Flows*



Margin Improvement Goal



2009 and Beyond

Profitable Growth and Margin Expansion

- **Near term actions:**
 - **Cost reduction**
 - **Productivity**
 - **Margin improvement**

- **Long term focus:**
 - **Leverage new opportunities for growth**
 - **Sustainable double-digit EPS growth**
 - **ROCE 3% - 5% above our cost of capital**

Thank you



tell me more
www.airproducts.com

Appendix

Full Year FY2008 Comparisons

	FY08					FY07				
	<u>Sales</u>	<u>Operating Income</u>	<u>Operating Margin</u>	<u>Cont Ops</u>		<u>Sales</u>	<u>Operating Income</u>	<u>Operating Margin</u>	<u>Cont Ops</u>	
				<u>Income</u>	<u>EPS</u>				<u>Income</u>	<u>EPS</u>
GAAP Measure	\$10,414.5	\$1,495.8	14.4%	\$1,090.5	\$4.97	\$9,148.2	\$1,375.6	15.0%	\$1,019.6	\$4.57
Gain on contract settlement						(\$36.8)			(\$23.6)	(\$0.11)
Global cost reduction plan						\$13.7			\$8.8	\$0.04
Pension Settlement		\$26.3		\$16.5	\$0.08	\$10.3			\$6.4	\$0.03
Donation/sale of cost investment						(\$5.0)			(\$19.8)	(\$0.09)
Tax Audit Settlements/Adjusts. (Q407)									(\$11.3)	(\$0.05)
Tax Audit Settlements/Adjusts. (Q307)									(\$27.5)	(\$0.12)
Non GAAP Measure	\$10,414.5	\$1,522.1	14.6%	\$1,107.0	\$5.05	\$9,148.2	\$1,357.8	14.8%	\$952.6	\$4.27

Q408 vs. Q407 Gaap

GAAP Measure	14%	9%	(60 bp)	7%	9%
Non GAAP Measure	14%	12%	(20 bp)	16%	18%

Appendix: ROCE

\$ Millions Quarter Ended	Q406	Q107	Q207	Q307	Q407	Q108	Q208	Q308	Q408
Numerator									
Operating Income Reported		321.6	313.6	360.0	380.4	380.4	348.6	393.7	373.1
Equity Affiliate Income		<u>27.3</u>	<u>27.5</u>	<u>29.5</u>	<u>30.1</u>	<u>25.3</u>	<u>42.4</u>	<u>46.5</u>	<u>30.8</u>
Earnings before tax as reported		348.9	341.1	389.5	410.5	405.7	391.0	440.2	403.9
Global Cost Reduction Plan		0.0	0.0	0.0	13.7	0.0	0.0	0.0	0.0
Gain on Contract Termination		0.0	0.0	0.0	(36.8)	0.0	0.0	0.0	0.0
Pension Settlement Charge		0.0	0.0	0.0	10.3	0.0	26.3	0.0	0.0
Donation/Sale of Cost Investment		0.0	0.0	0.0	(5.0)	0.0	0.0	0.0	0.0
U.S. Healthcare Impairment		<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Earnings before tax ex items		348.9	341.1	389.5	392.7	405.7	417.3	440.2	403.9
Effective tax rate as reported		26.6%	26.5%	17.6%	18.4%	26.9%	25.3%	25.0%	23.3%
Earnings after tax as reported		256.1	250.7	320.9	335.0	296.6	292.1	330.2	309.8
Effective tax rate ex items		26.6%	26.5%	25.7%	25.6%	26.9%	26.1%	25.0%	23.3%
Earnings after tax ex items		256.1	250.7	289.4	292.2	296.6	308.4	330.2	309.8
4 Qtr trailing AT earnings (numerator) - as reported					1,162.7	1,203.2	1,244.6	1,253.9	1,228.7
4 Qtr trailing AT Earnings (numerator) - ex items					1,088.4	1,128.9	1,186.6	1,227.4	1,245.0
Denominator									
Total Debt	2,846.1	3,146.8	3,305.3	3,772.5	3,667.8	3,972.5	4,383.9	4,027.3	3,966.8
Equity	4,924.0	5,111.5	5,276.5	5,456.3	5,495.6	5,603.0	5,524.3	5,568.7	5,030.7
Minority Interest in subsidiary cos.	<u>88.6</u>	<u>96.5</u>	<u>83.5</u>	<u>88.6</u>	<u>92.9</u>	<u>99.3</u>	<u>117.4</u>	<u>115.5</u>	<u>136.2</u>
Total Capital	7,858.7	8,354.8	8,665.3	9,317.4	9,256.3	9,674.8	10,025.6	9,711.5	9,133.7
5 Qtr Average Capital (denominator)					8,690.5	9,053.7	9,387.9	9,597.1	9,560.4
ROCE as rptd (4 Qtr trail AT earnings / 5 pt avg capital)					13.4%	13.3%	13.3%	13.1%	12.9%
ROCE ex items (4 Qtr trail AT earnings/ 5 pt avg capital)					12.5%	12.5%	12.6%	12.8%	13.0%