AIR PRODUCTS & CHEMICALS INC /DE/
Form 10-Q
April 26, 2010

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended 31 March 2010

OR

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

For the transition period from __________ to __________

Commission file number 1-4534

AIR PRODUCTS AND CHEMICALS, INC.

(Exact Name of Registrant as Specified in Its Charter)

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

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

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

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o	Smaller reporting company o
		(Do not check if a 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 o NO þ

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 19 April 2010
Common Stock, $1 par value	212,352,847

AIR PRODUCTS AND CHEMICALS, INC. and Subsidiaries
INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Balance Sheets 31 March 2010 and 30 September 2009	3
Consolidated Income Statements Three and Six Months Ended 31 March 2010 and 2009	4
Consolidated Comprehensive Income Statements Three and Six Months Ended 31 March 2010 and 2009	5
Consolidated Statements of Cash Flows Six Months Ended 31 March 2010 and 2009	6
Notes to Consolidated Financial Statements	7
Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures About Market Risk	39
Item 4. Controls and Procedures	39
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	40
Item 4. Submission of Matters to a Vote of Security Holders	40
Item 6. Exhibits	40
Signatures	42
Exhibit Index	43

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

(Millions of dollars, except for share data)	31 March 2010	30 September 2009
Assets		
Current Assets		
Cash and cash items	$ 230.9	$ 488.2
Trade receivables, less allowances for doubtful accounts	1,458.8	1,363.2
Inventories	504.7	509.6
Contracts in progress, less progress billings	111.1	132.3
Prepaid expenses	109.8	99.7
Other receivables and current assets	406.7	404.8
Total Current Assets	2,822.0	2,997.8
Investment in Net Assets of and Advances to Equity Affiliates	893.6	868.1
Plant and Equipment, at cost	15,995.2	15,751.3
Less: Accumulated depreciation	9,053.7	8,891.7
Plant and Equipment, net	6,941.5	6,859.6
Goodwill	913.9	916.0
Intangible Assets, net	293.7	262.6
Noncurrent Capital Lease Receivables	747.5	687.0
Other Noncurrent Assets	540.4	438.0
Total Assets	$13,152.6	$13,029.1
Liabilities and Equity		
Current Liabilities		
Payables and accrued liabilities	$ 1,426.9	$ 1,674.8
Accrued income taxes	43.9	42.9
Short-term borrowings	344.9	333.8
Current portion of long-term debt	530.0	452.1
Total Current Liabilities	2,345.7	2,503.6
Long-Term Debt	3,468.5	3,715.6
Deferred Income and Other Noncurrent Liabilities	1,480.0	1,522.0
Deferred Income Taxes	440.1	357.9

Total Liabilities	7,734.3	8,099.1
Commitments and Contingencies See Note 12		
Equity		
Common stock (par value $1 per share; 2010 and 2009 249,455,584 shares)	249.4	249.4
Capital in excess of par value	820.7	822.9
Retained earnings	7,537.0	7,234.6
Accumulated other comprehensive income (loss)	(1,054.4)	(1,161.8)
Treasury stock, at cost (2010 37,102,737 shares; 2009 38,195,320 shares)	(2,287.1)	(2,353.2)
Total Air Products Shareholders Equity	5,265.6	4,791.9
Noncontrolling Interests	152.7	138.1
Total Equity	5,418.3	4,930.0
Total Liabilities and Equity	$13,152.6	$13,029.1

The accompanying notes are an integral part of these statements.

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

	Three Months Ended 31 March		Six Months Ended 31 March	
(Millions of dollars, except for share data)	2010	2009	2010	2009
Sales	$2,249.0	$1,955.4	$4,422.5	$4,150.7
Cost of sales	1,628.7	1,439.9	3,197.3	3,069.6
Selling and administrative	240.4	230.6	484.5	477.6
Research and development	26.3	29.6	53.5	62.8
Global cost reduction plan				174.2
Acquisition-related costs	23.4		23.4	
Other income, net	10.4	5.1	21.8	8.0
Operating Income	340.6	260.4	685.6	374.5
Equity affiliates income	32.2	27.0	59.1	51.5
Interest expense	29.5	30.0	61.1	66.5
Income from Continuing Operations before Taxes	343.3	257.4	683.6	359.5
Income tax provision	84.9	66.5	168.4	73.6
Income from Continuing Operations	258.4	190.9	515.2	285.9
Income (Loss) from Discontinued Operations, net of tax		16.3		(5.1)
Net Income	258.4	207.2	515.2	280.8
Less: Net Income Attributable to Noncontrolling Interests	6.4	1.6	11.4	6.6
Net Income Attributable to Air Products	$ 252.0	$ 205.6	$ 503.8	$ 274.2
Net Income Attributable to Air Products				
Income from continuing operations	$ 252.0	$ 189.3	$ 503.8	$ 279.3
Income (loss) from discontinued operations		16.3		(5.1)
Net Income Attributable to Air Products	$ 252.0	$ 205.6	$ 503.8	$ 274.2
Basic Earnings Per Common Share Attributable to Air Products				
Income from continuing operations	$ 1.19	$ .90	$ 2.38	$ 1.33
Income (loss) from discontinued operations		.08		(.02)
Net Income Attributable to Air Products	$ 1.19	$ .98	$ 2.38	$ 1.31

Diluted Earnings Per Common Share Attributable to Air Products				
Income from continuing operations	$ 1.16	$ .89	$ 2.32	$ 1.32
Income (loss) from discontinued operations		.08		(.03)
Net Income Attributable to Air Products	$ 1.16	$ .97	$ 2.32	$ 1.29
Weighted Average of Common Shares Outstanding (in millions)	212.1	209.6	211.9	209.5
Weighted Average of Common Shares Outstanding Assuming Dilution (in millions)	216.9	212.3	217.0	212.2
Dividends Declared Per Common Share Cash	$ .49	$ .45	$ .94	$ .89

The accompanying notes are an integral part of these statements.

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

	Three Months Ended 31 March	
(Millions of dollars)	2010	2009
Net Income	$258.4	$ 207.2
Other Comprehensive Income (Loss), net of tax:		
Translation adjustments, net of tax of $43.9 and $20.7	34.4	(222.5)
Net (loss) on derivatives, net of tax (benefit) of $(3.7) and $(15.2)	(6.9)	(24.8)
Unrealized holding gain on available-for-sale securities, net of tax of $9.5 and $.1	16.4	.3
Reclassification adjustments:		
Derivatives, net of tax of $2.8 and $13.0	5.3	21.5
Pension and postretirement benefits, net of tax of $6.1 and $1.4	11.3	2.9
Total Other Comprehensive Income (Loss)	60.5	(222.6)
Comprehensive Income (Loss)	318.9	(15.4)
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	6.1	(5.3)
Comprehensive Income (Loss) Attributable to Air Products	$312.8	$ (10.1)

CONSOLIDATED COMPREHENSIVE INCOME STATEMENTS

	Six Months Ended 31 March	
(Millions of dollars)	2010	2009
Net Income	$515.2	$ 280.8
Other Comprehensive Income (Loss), net of tax:		
Translation adjustments, net of tax of $52.3 and $4.7	69.3	(543.5)
Net (loss) on derivatives, net of tax (benefit) of $(4.8) and $(6.1)	(9.3)	(12.9)
Unrealized holding gain (loss) on available-for-sale securities, net of tax (benefit) of $9.5 and $(.5)	16.5	(.8)
Reclassification adjustments:		
Currency translation adjustment		(3.2)
Derivatives, net of tax of $3.7 and $3.3	7.8	7.1
Pension and postretirement benefits, net of tax of $12.6 and $2.6	23.7	5.7
Total Other Comprehensive Income (Loss)	108.0	(547.6)
Comprehensive Income (Loss)	623.2	(266.8)
Comprehensive Income (Loss) Attributable to Noncontrolling Interests	12.0	(3.5)
Comprehensive Income (Loss) Attributable to Air Products	$611.2	$(263.3)

The accompanying notes are an integral part of these statements.

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

	Six Months Ended 31 March	
(Millions of dollars)	2010	2009
Operating Activities		
Net Income	$ 515.2	$ 280.8
Less: Net income attributable to noncontrolling interests	11.4	6.6
Net income attributable to Air Products	$ 503.8	$ 274.2
Adjustments to reconcile income to cash provided by operating activities:		
Depreciation and amortization	434.4	397.7
Impairment of assets of continuing operations	.6	32.1
Impairment of assets of discontinued operations		48.7
Deferred income taxes	133.2	41.8
Undistributed earnings of unconsolidated affiliates	(29.6)	(35.0)
(Gain) loss on sale of assets and investments	(1.4)	6.6
Share-based compensation	22.7	30.1
Noncurrent capital lease receivables	(71.0)	(52.9)
Acquisition-related costs	21.0	
Other adjustments	38.4	(27.5)
Working capital changes that provided (used) cash, excluding effects of acquisitions and divestitures:		
Trade receivables	(129.9)	166.3
Inventories	(3.9)	(41.7)
Contracts in progress	17.3	11.0
Payables and accrued liabilities	(332.4)	(257.6)
Other working capital	(60.5)	(134.5)
Cash Provided by Operating Activities	542.7	459.3
Investing Activities		
Additions to plant and equipment	(516.9)	(615.8)
Acquisitions, less cash acquired	(34.9)	(1.6)
Investment in and advances to unconsolidated affiliates	(4.5)	(.1)
Investment in Airgas stock	(69.6)	
Proceeds from sale of assets and investments	22.0	25.0
Proceeds from sale of discontinued operations		.9
Change in restricted cash	25.2	40.7
Cash Used for Investing Activities	(578.7)	(550.9)
Financing Activities		
Long-term debt proceeds	67.4	114.3
Payments on long-term debt	(83.0)	(44.2)
Net (decrease) increase in commercial paper and short-term borrowings	(55.6)	183.2

Dividends paid to shareholders	(190.5)	(184.3)
Proceeds from stock option exercises	35.4	6.8
Excess tax benefit from share-based compensation	9.7	2.2
Other financing activities	(2.5)	(5.6)
Cash (Used for) Provided by Financing Activities	(219.1)	72.4
Effect of Exchange Rate Changes on Cash	(2.2)	(4.6)
Decrease in Cash and Cash Items	(257.3)	(23.8)
Cash and Cash Items Beginning of Year	488.2	103.5
Cash and Cash Items End of Period	$ 230.9	$ 79.7
Supplemental Cash Flow Information		
Significant noncash transaction:		
Short-term borrowings associated with SAGA acquisition	$ 60.6	$

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 the Company s 2009 Form 10-K for a description of major accounting policies. There have been no material changes to these accounting policies during the first six months of 2010 other than those detailed in Note 2.

The consolidated financial statements of Air Products and Chemicals, Inc. and its subsidiaries (the Company, Air Products, or registrant) included herein have been prepared by the Company, 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 the opinion of the Company, the accompanying statements reflect adjustments necessary to present fairly the financial position, results of operations, and cash flows for those periods indicated, and contain adequate disclosure to make the information presented not misleading. Adjustments included herein are of a normal, recurring nature unless otherwise disclosed in the Notes. 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 the Company s 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

Guidance Implemented

Disclosures about Subsequent Events

In February 2010, the Financial Accounting Standards Board (FASB) issued an amendment to the guidance on subsequent events that removed the requirement for an SEC registrant to disclose the date through which subsequent events are evaluated. It did not change the accounting for or disclosure of events that occur after the balance sheet date but before the financial statements are issued. This amendment was effective upon issuance.

Business Combinations

In December 2007, the FASB issued authoritative guidance to affirm that the acquisition method of accounting (previously referred to as the purchase method) be used for all business combinations and for an acquirer to be identified for each business combination. This guidance defines the acquirer as the entity that obtains control of one or more businesses in the business combination and establishes the acquisition date as the date that the acquirer achieves control. Among other requirements, the guidance requires the acquiring entity in a business combination to recognize at full fair value all the assets acquired and liabilities assumed in the transaction. If a business combination is achieved in stages, the previously-held ownership interest is adjusted to fair value at the acquisition date, and any resulting gain or loss is recognized in earnings. Contingent consideration is recognized at fair value at the acquisition date, and restructuring and acquisition-related costs are expensed as incurred. The fair value of assets and liabilities acquired, including uncertain tax positions, can be adjusted during the measurement period. Any adjustments after the measurement period, which cannot exceed one year, will be recognized in earnings. This guidance was effective for the Company on 1 October 2009 and will be applied prospectively. The adoption of this guidance did not have a material impact on the Company s consolidated financial statements.

Noncontrolling Interests

In December 2007, the FASB issued authoritative guidance that establishes the accounting and reporting standards for the noncontrolling interests in a subsidiary and for the deconsolidation of a subsidiary. It requires entities to report noncontrolling interests in subsidiaries separately within equity in the consolidated balance sheets. It also requires disclosure, on the face of the consolidated income statement, of the amounts of consolidated net income attributable to the parent and noncontrolling interests. Changes in a parent s ownership interests while the parent retains control are treated as equity transactions. If a parent loses control of a subsidiary, any retained noncontrolling interests would be measured at fair value with any gain or

loss recognized in earnings. This guidance was effective for the Company on 1 October 2009 and will be applied prospectively, except for the presentation and disclosure requirements related to noncontrolling interests, which are applied retrospectively for all periods presented. The Company s financial statements have been updated to reflect the new presentation. Prior year amounts have been reclassified to conform to the current year presentation.

Fair Value Measurements

In September 2006, the FASB issued authoritative guidance that defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Effective 1 October 2008, the Company adopted this guidance for financial assets and liabilities and any other assets and liabilities that are recognized and disclosed at fair value on a recurring basis. The requirement for other nonfinancial assets and liabilities was effective on 1 October 2009 for the Company. This guidance did not impact the Company s consolidated financial statements upon adoption.

In January 2010, the FASB issued authoritative guidance on improving disclosures about fair value measurements. This guidance requires new disclosures about transfers in and out of Level 1 and 2 measurements and separate disclosures about activity relating to Level 3 measurements. In addition, this guidance clarifies existing fair value disclosures about the level of disaggregation and the input and valuation techniques used to measure fair value. The guidance only relates to disclosure and does not impact the Company s consolidated financial statements. The Company adopted this guidance in the second quarter of fiscal year 2010. There was no significant impact to the Company s disclosures upon adoption.

New Guidance to Be Implemented

Employers Disclosures about Postretirement Benefit Plan Assets

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

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 is effective for the Company beginning in fiscal year 2011. The Company is currently evaluating the impact of this guidance.

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 is effective for the Company beginning fiscal year 2011, with early adoption permitted. Upon adoption, the guidance may be applied either prospectively from the beginning of the fiscal year for new or materially modified arrangements, or it may be applied retrospectively. The Company is currently evaluating the impact of this guidance.

3. AIRGAS TRANSACTION

In February 2010, the Company 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. Airgas, a Delaware company, is the largest U.S. distributor of industrial, medical, specialty gases, and hardgoods. The total value of the transaction would be approximately $7 billion, including $5.1 billion of equity and $1.9 billion of assumed debt. The offer and withdrawal rights are scheduled to expire on 4 June 2010, unless further extended. The tender offer was previously scheduled to expire on 9 April 2010.

Prior to the tender offer, the Company purchased approximately 1.5 million shares of Airgas stock for $69.6. This amount was recorded as an available-for-sale investment within other noncurrent assets on the consolidated balance sheet. An after-tax unrealized holding gain of $16.7 for the period was recorded in other comprehensive income.

In connection with this tender offer, the Company has secured committed financing in the form of a $6.7 billion term loan credit facility. Borrowings under this credit facility will be available beginning on the date of the consummation of the tender offer, which must occur no later than 4 February 2011. All borrowings under this credit facility will mature on the date that is one year from the consummation of the tender offer. The credit facility agreement contains one financial covenant, a maximum leverage ratio, and other affirmative and negative covenants, including restrictions on liens and certain subsidiary indebtedness. It also requires mandatory commitment reduction/prepayment for certain capital market transactions and asset dispositions. Fees incurred to secure this credit facility have been deferred and will be amortized over the term of the arrangement.

For the second quarter 2010, $23.4 in expense was recognized related to this transaction and is included within acquisition-related costs on the consolidated income statement. This includes amortization of the fees related to the term loan credit facility and other acquisition-related costs. Total costs of this transaction are expected to be approximately $150 to $200.

4. BUSINESS COMBINATIONS

In the second quarter of 2010, the Company entered into agreements that will enable it 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 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, the Company 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 are expected to be purchased in November 2010 for a fixed price of 44.8 million, or approximately $61, under a put and call option structure. This structure has been accounted for as a financing of the purchase of the remaining shares and reported within short-term borrowings on the consolidated balance sheet.

The acquisition of SAGA was accounted for as a business combination and its results of operations were included in the Company s consolidated income statement after the acquisition date. A preliminary purchase price allocation has been made and will be finalized when information needed to affirm underlying estimates is obtained. The preliminary estimated values, as of the acquisition date included identified intangibles of $42.3, plant and equipment of $40.4, goodwill of $36.7 (which is deductible for tax purposes), and other net assets of $11.3. Additionally, deferred tax liabilities of $22.7 were recognized. The identified intangibles primarily relate to customer relationships and will be amortized over 23 years.

The preliminary allocation of the purchase price to the assets acquired and liabilities assumed was based on their fair values as of the acquisition date, with the amounts exceeding the fair value recorded as goodwill. Goodwill, which is assigned to the Merchant Gases segment, largely consists of expected revenue and cost synergies resulting from the business combination. Revenue synergies will result primarily from the sale of differentiated offerings and cost synergies from combining supply chains and optimization of the combined logistics. The fair value of plant and equipment was quantified primarily using a cost approach, by estimating reproduction/replacement cost consistent with assumptions market participants would use. Intangible assets consisted primarily of customer relationships for which fair value was determined using a discounted cash

flow analysis under the income approach. The income approach required estimating a number of factors including projected revenue growth, customer attrition rates, profit margin, and the discount rate. The remaining identifiable assets and liabilities were primarily cash, accounts receivable, and payables and accrued liabilities, for which book value approximated fair value.

5. GLOBAL COST REDUCTION PLAN

In the first quarter of 2009, the results from continuing operations included a charge of $174.2 ($116.1 after-tax, or $.55 per share) for the global cost reduction plan. For additional information on this charge, as well as a subsequent charge for the plan in the third quarter of 2009, refer to the Company s 2009 Form 10-K.

The planned actions associated with the global cost reduction plan are expected to be substantially completed within one year of when the related charges were recognized. As of 31 March 2010, the planned actions associated with the first quarter 2009 charge were completed with the exception of certain benefit payments, associated with a small number of position eliminations, which will be paid in the third quarter of 2010.

During the first quarter of 2010, the Company revised its estimate of the costs associated with the 2009 global cost reduction plan. The unfavorable impact of additional severance and other benefits was offset by a favorable variance related to completed business exits and asset management actions. The adjustment to the charge was excluded from segment operating profit and did not have a material impact on any individual segment.

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

	Severance and Other Benefits	Asset Impairments/ Other Costs	Total
First quarter 2009 charge	$ 120.0	$ 54.2	$174.2
Third quarter 2009 charge	90.0	34.0	124.0
Environmental charge [A]		(16.0)	(16.0)
Noncash items	(33.8) [B]	(66.1)	(99.9)
Cash expenditures	(75.3)	(.9)	(76.2)
Currency translation adjustment	4.3		4.3
30 September 2009	**$ 105.2**	**$ 5.2**	**$110.4**
Adjustment to charge	6.6	(6.6)	
Noncash items	(3.5) [B]	1.6	(1.9)
Cash expenditures	(61.6)	(.2)	(61.8)
Currency translation adjustment	(4.1)		(4.1)
31 March 2010	**$ 42.6**	**$**	**$ 42.6**

(A) Reflected in accrual for environmental obligations. See Note 12.

(B) Primarily pension-related costs which are reflected in the

accrual for
pension
benefits.

6. DISCONTINUED OPERATIONS

In fiscal 2009, the Company completed the divestiture of its U.S. Healthcare business which has been accounted for as discontinued operations. For additional historical information on this divestiture, refer to the Company s 2009 Form 10-K.

The U.S. Healthcare business generated sales of $43.9 and $92.1 and income (loss) from operations, net of tax, of $(.6) and $.1 for the three and six months ended 31 March 2009, respectively. In addition, in the first quarter of 2009, the Company recorded an impairment charge of $48.7 ($30.9 after-tax, or $.15 per share) reflecting a revision in the estimated net realizable value of the U.S. Healthcare business. Also, a tax benefit of $8.8, or $.04 per share, was recorded to revise the estimated tax benefit related to previously recognized impairment charges. As a result of events occurring during the second quarter of 2009, which increased the Company s ability to realize tax benefits associated with the impairment charges recorded in 2008, the Company recognized a one-time tax benefit of $16.7, or $.08 per share. Remaining assets and liabilities associated with the U.S. Healthcare divestiture are not material and have been classified in continuing operations.

7. INVENTORIES

The components of inventories are as follows:

	31 March 2010	30 September 2009
Inventories at FIFO Cost		
Finished goods	$392.8	$ 405.5
Work in process	25.4	20.9
Raw materials and supplies	154.2	151.1
	572.4	577.5
Less: Excess of FIFO cost over LIFO cost	(67.7)	(67.9)
	$504.7	$ 509.6

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

8. GOODWILL

Changes to the carrying amount of consolidated goodwill by segment for the six months ended 31 March 2010 are as follows:

	30 September 2009	Acquisitions and Adjustments	Currency Translation	31 March 2010
Merchant Gases	$ 601.3	$ 19.8	$(24.4)	$596.7
Tonnage Gases	16.3		.4	16.7
Electronics and Performance Materials	298.4	.4	1.7	300.5
	$ 916.0	$ 20.2	$(22.3)	$913.9

The increase in goodwill in the Merchant Gases segment was due to the SAGA acquisition of $36.7, offset by a reduction in goodwill as a result of an adjustment related to a previous acquisition of $16.9.

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.

9. FINANCIAL INSTRUMENTS

Currency Price Risk Management

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

Forward Exchange Contracts

The Company enters into forward exchange contracts to reduce the cash flow exposure to foreign currency fluctuations associated with highly anticipated cash flows and certain firm commitments such as the purchase of plant

and equipment. Forward exchange contracts are also used to hedge the value of investments in certain foreign subsidiaries and affiliates by creating a liability in a currency in which the Company has a net equity position. 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, the Company also hedges foreign currency exposures utilizing forward exchange contracts that are not designated as hedges. These contracts are used to hedge foreign currency-denominated monetary assets and liabilities, primarily working capital. The primary objective of these forward

contracts is to protect the value of foreign currency-denominated monetary assets and liabilities from the effects of volatility in foreign exchange rates that might occur prior to their receipt or settlement. 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.

Option Contracts

In certain limited situations, the Company enters into option contracts to manage cash flow exposures to foreign currency fluctuations. Similar to forward contracts, these instruments are evaluated for hedge accounting treatment and are recognized on the balance sheet at fair value. As of 31 March 2010 and 30 September 2009, there were no outstanding option contracts.

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

	31 March 2010		30 September 2009	
	US$ Notional	Years Average Maturity	US$ Notional	Years Average Maturity
Forward exchange contracts:				
Cash flow hedges	$1,914.6	.4	$1,799.3	.8
Net investment hedges	847.8	2.7	873.6	3.5
Fair value hedges			2.7	.4
Hedges not designated	662.4	.3	330.3	.6
Total Forward Exchange Contracts	$3,424.8	1.0	$3,005.9	1.6

In addition to the above, the Company uses foreign currency denominated debt and qualifying intercompany loans to hedge the foreign currency exposures of the Company s net investment in certain foreign affiliates. The designated foreign currency denominated debt includes 807.5 million at 31 March 2010 and 1,013.0 million at 30 September 2009. The designated intercompany loans include 437.0 million at 31 March 2010 and 30 September 2009.

Debt Portfolio Management

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

Interest Rate Swap Contracts

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

Cross Currency Interest Rate Swap Contracts

The Company enters 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 the Company has 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 floating swap between U.S. dollars and British Pound Sterling.

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

	31 March 2010				30 September 2009			
	US$ Notional	Pay %	Average Receive %	Years Average Maturity	US$ Notional	Pay %	Average Receive %	Years Average Maturity
Interest rate swaps (fair value hedge)	$516.3	LIBOR	3.74%	4.8	$327.2	LIBOR	4.47%	1.7
Cross currency interest rate swaps (net investment hedge)	$ 32.2	5.54%	5.48%	4.0	$ 32.2	5.54%	5.48%	4.5

Commodity Price Risk Management
The Company has entered into a limited number of commodity swap contracts in order to reduce the cash flow exposure to changes in the price of natural gas relative to certain oil-based feedstocks. As of 31 March 2010, the Company did not have outstanding commodity swap contracts. At 30 September 2009, the Company had outstanding contracts hedging the changes in the market price of energy with a notional value of $18.5 and with an average maturity of .2 years.
The table below summarizes the fair value and balance sheet location of the Company s outstanding derivatives:

	Balance Sheet Location	31 March 2010 Fair Value	30 September 2009 Fair Value	Balance Sheet Location	31 March 2010 Fair Value	30 September 2009 Fair Value
Derivatives Designated as Hedging Instruments:						
Foreign exchange contracts	Other receivables	$ 49.6	$ 48.8	Accrued liabilities	$46.8	$ 55.1
Interest rate swap contracts	Other receivables	12.3		Accrued liabilities	.9	.4
Commodity swap contracts	Other receivables		4.3	Accrued liabilities		2.4
Foreign exchange contracts	Other noncurrent assets	26.6	10.0	Other noncurrent liabilities	23.2	45.4
Interest rate swap contracts	Other noncurrent assets	7.4	15.1	Other noncurrent liabilities	1.9	3.0
Total Derivatives Designated as Hedging		$ 95.9	$ 78.2		$72.8	$ 106.3

Instruments						
Derivatives Not Designated as Hedging Instruments:						
Foreign exchange contracts	Other receivables	$ 5.3	$ 1.0	Accrued liabilities	$ .3	$ 3.4
Total Derivatives		$101.2	$ 79.2		$73.1	$109.7

Refer to Note 10, Fair Value Measurements, which defines fair value, describes the method for measuring fair value, provides additional disclosures regarding fair value measurements, and discusses the Company s counterparty risk.

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

	Three Months Ended 31 March							
	Forward Exchange Contracts		Foreign Currency Debt		Other (A)		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Cash Flow Hedges:								
Net (gain) loss recognized in OCI (effective portion)	$ 6.9	$ 28.0	$	$	$	$(3.2)	$ 6.9	$ 24.8
Net gain (loss) reclassified from OCI to sales/cost of sales (effective portion)	(2.1)	.2			.2	1.9	(1.9)	2.1
Net (loss) reclassified from OCI to other (income) expense (effective portion)	(3.2)	(23.5)					(3.2)	(23.5)
Net (loss) reclassified from OCI to other (income) expense (ineffective portion)	(.2)	(.1)					(.2)	(.1)
Net Investment Hedges:								
Net (gain) recognized in OCI	$(27.0)	$ (7.4)	$(52.5)	$(59.1)	$(1.2)	$ (.3)	$(80.7)	$(66.8)
Derivatives Not Designated as Hedging Instruments:								
Net (gain) recognized in other (income) expense (B)	$ (4.5)	$ (.1)	$	$	$	$	$ (4.5)	$ (.1)

	Six Months Ended 31 March			
	Forward		Foreign Currency	

	Exchange Contracts		Debt		Other [A]		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
Cash Flow Hedges:								
Net (gain) loss recognized in OCI (effective portion)	$ 9.1	$ 13.1	$	$	$ .2	$ (.2)	$ 9.3	$ 12.9
Net gain (loss) reclassified from OCI to sales/cost of sales (effective portion)	(4.9)	(3.5)			2.0	2.4	(2.9)	(1.1)
Net (loss) reclassified from OCI to other (income) expense (effective portion)	(4.7)	(5.9)					(4.7)	(5.9)
Net (loss) reclassified from OCI to other (income) expense (ineffective portion)	(.2)	(.1)					(.2)	(.1)
Net Investment Hedges:								
Net (gain) recognized in OCI	$ (35.6)	$ (21.1)	$ (71.2)	$ (74.4)	$ (.9)	$ (4.8)	$ (107.7)	$ (100.3)
Derivatives Not Designated as Hedging Instruments:								
Net (gain) loss recognized in other (income) expense [B]	$ (3.5)	$ 1.9	$	$	$	$	$ (3.5)	$ 1.9

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

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

Credit Risk-Related Contingent Features

Certain derivative instruments are executed under agreements that require the Company to maintain a minimum credit rating with both Standard & Poor s and Moody s. If the Company s 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 $3.5 as of 31 March 2010 and $35.0 as of 30 September 2009. Because the Company s current credit rating is above the various pre-established thresholds, no collateral has been posted on these liability positions.

Counterparty Credit Risk Management

The Company executes all derivative transactions with counterparties that are highly rated financial institutions, all of which are investment grade at this time. Some of the Company s underlying derivative agreements give the Company the right to require the institution to post collateral if its credit rating falls below 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 $27.5 as of 31 March 2010 and $14.7 as of 30 September 2009. No financial institution is required to post collateral at this time, as all have credit ratings at or above the threshold.

10. FAIR VALUE MEASUREMENTS

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

Derivatives

The fair value of the Company s interest rate swap agreements and foreign exchange contracts are 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, the Company randomly tests a subset of its valuations against valuations received from the transaction s counterparty to validate the accuracy of its standard pricing models. The fair value of commodity swaps is based on current market price as provided by the financial institutions with which the commodity swaps have been executed. Counterparties to these derivative contracts are highly rated financial institutions.

Refer to Note 9 on 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, NASDAQ, and Tokyo Stock Exchange. 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.

The investment in Airgas stock of $96.0 represents the purchase of approximately 1.5 million common shares as discussed in Note 3 on the Airgas Transaction. Other investments primarily include an investment in a publicly traded foreign company.

Long-term Debt

The fair value of the Company s 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.

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

	31 March 2010		30 September 2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Assets				
Derivatives				
Foreign exchange contracts	$ 81.5	$ 81.5	$ 59.8	$ 59.8
Interest rate swap contracts	19.7	19.7	15.1	15.1
Commodity swap contracts			4.3	4.3
Available-for-sale securities				
Airgas investment	96.0	96.0		
Other investments	19.1	19.1	19.4	19.4
Liabilities				
Derivatives				
Foreign exchange contracts	$ 70.3	$ 70.3	$ 103.9	$ 103.9
Interest rate swap contracts	2.8	2.8	3.4	3.4
Commodity swap contracts			2.4	2.4
Long-term debt, including current portion	3,998.5	4,218.5	4,167.7	4,479.5

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

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

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

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

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

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

31 March 2010	Total	Level 1	Level 2	Level 3
Assets at Fair Value				
Derivatives				
Foreign exchange contracts	$ 81.5	$	$ 81.5	$
Interest rate swap contracts	19.7		19.7	
Available-for-sale securities				
Airgas investment	96.0	96.0		
Other investments	19.1	19.1		
Total Assets at Fair Value	$216.3	$115.1	$101.2	$

Liabilities at Fair Value				
Derivatives				
Foreign exchange contracts	$ 70.3	$	$ 70.3	$
Interest rate swap contracts	2.8		2.8	
Total Liabilities at Fair Value	$ 73.1	$	$ 73.1	$

Refer to Note 1 in the Company s 2009 Form 10-K and Note 9 in this quarterly filing for additional information on the Company s accounting and reporting of the fair value of financial instruments.

11. RETIREMENT BENEFITS

The components of net pension cost for the defined benefit pension plans and other postretirement benefit cost for the three and six months ended 31 March 2010 and 2009 were as follows:

	Pension Benefits				Other Benefits	
	Three Months Ended 31 March					
	2010		2009		2010	2009
	U.S.	International	U.S.	International		
Service cost	$ 10.6	$ 6.0	$ 8.5	$ 6.2	$1.2	$ .8
Interest cost	30.9	15.1	31.2	14.0	1.1	1.7
Expected return on plan assets	(41.1)	(16.1)	(37.0)	(12.6)		
Prior service cost (credit) amortization	.7	.2	.6	.4		(.3)
Actuarial loss amortization	11.7	4.9	1.5	2.1	.7	(.1)
Settlement and curtailment charges						
Special termination benefits				.2		
Other		.6		.7		
Net periodic benefit cost	$ 12.8	$ 10.7	$ 4.8	$ 11.0	$3.0	$2.1

	Pension Benefits				Other Benefits	
	Six Months Ended 31 March					
	2010		2009		2010	2009
	U.S.	International	U.S.	International		
Service cost	$ 21.2	$ 12.2	$ 17.0	$ 12.8	$2.4	$2.3
Interest cost	61.8	31.0	61.9	29.1	2.2	3.1
Expected return on plan assets	(82.2)	(32.9)	(72.5)	(26.1)		
Prior service cost (credit) amortization	1.4	.4	1.2	.8		(.7)
Actuarial loss amortization	23.4	10.0	3.0	4.4	1.4	.3
Settlement and curtailment charges		.5				
Special termination benefits		3.5	4.4	10.2		
Other		1.4		.8		
Net periodic benefit cost	$ 25.6	$ 26.1	$ 15.0	$ 32.0	$6.0	$5.0

Special termination benefits for the six months ended 31 March 2010 and 2009 included $3.5 and $14.2 for the global cost reduction plan, respectively.

For the six months ended 31 March 2010 and 2009, the Company s cash contributions to funded plans and benefit payments under unfunded plans were $337.7 and $153.5, respectively. Total contributions for fiscal 2010 are expected to be approximately $375. During fiscal 2009, total contributions were $184.8.

12. COMMITMENTS AND CONTINGENCIES

Litigation

The Company is involved in various legal proceedings, including competition, environmental, health, safety, product liability, and insurance matters. During the third quarter of 2008, a unit of the Brazilian Ministry of Justice issued a report (previously issued in January 2007, and then withdrawn) on its investigation of the Company s Brazilian subsidiary, Air Products Brasil Ltda., and several other Brazilian industrial gas companies. The report recommended that the Brazilian Administrative Council for Economic Defense impose sanctions on Air Products Brasil Ltda. and the other industrial gas companies for alleged anticompetitive activities. The Company is actively defending this action and cannot, at this time, reasonably predict the ultimate outcome of the proceedings or sanctions, if any, that will be imposed. Additionally, it is not possible to make a reasonable estimate of the range of loss at this time. While the Company does not expect that any sums it may have to pay in connection with this or any other legal proceeding would have a materially adverse effect on its consolidated financial position or net cash flows, a future charge for regulatory fines or damage awards could have a significant impact on the Company s net income in the period in which it is recorded.

Environmental

Accruals for environmental loss contingencies are recorded when it is probable that a liability has been incurred and the amount of loss can be reasonably estimated. The consolidated balance sheets at 31 March 2010 and 30 September 2009 included an accrual of $92.4 and $95.0, respectively, primarily as part of other noncurrent liabilities. The environmental liabilities will be paid over a period of up to 30 years. The Company estimates the exposure for environmental loss contingencies to range from $92 to a reasonably possible upper exposure of $106 as of 31 March 2010.

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. 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.

Refer to Note 16 to the consolidated financial statements in the Company s 2009 Form 10-K for information on the Company s environmental accruals related to the Pace, Florida, Piedmont, S.C., and Paulsboro, N.J. facilities. At 31 March 2010, the accrual balances associated with the Pace, Florida, Piedmont, S.C., and Paulsboro, N.J. facilities totaled $37.3, $22.0, and $15.7, respectively.

13. SHARE-BASED COMPENSATION

The Company has various share-based compensation programs, which include stock options, deferred stock units, and restricted shares. During the six months ended 31 March 2010, the Company granted 1.0 million stock options at a weighted-average exercise price of $83.60 and an estimated fair value of $25.94 per option. The fair value of these options was estimated using a lattice-based option valuation model that used the following assumptions: expected volatility of 32.6%; expected dividend yield of 2.1%; expected life in years of 6.7-8.0; and a risk-free interest rate of 2.9%-3.3%. In addition, the Company granted 300,681 deferred stock units at a weighted-average grant-date fair value of $83.07 and 30,886 restricted shares at a weighted-average grant-date fair value of $83.60. Refer to Note 18 in the Company s 2009 Form 10-K for information on the valuation and accounting for these programs.

Share-based compensation cost charged against income in the three and six months ended 31 March 2010 was $15.0 ($9.4 after-tax) and $22.7 ($14.2 after-tax), respectively. Of the share-based compensation cost recognized, $17.3 was a component of selling and administrative expense, $4.3 a component of cost of sales, and $1.1 a component of research and development. Share-based compensation cost charged against income in the three and six months ended 31 March 2009 was $12.7 ($7.8 after-tax) and $30.1 ($18.5 after-tax), respectively. The amount of share-based compensation cost capitalized in 2010 and 2009 was not material.

14. EQUITY

The following is a summary of the changes in total equity for the three and six months ended 31 March:

	Three Months Ended 31 March					
	2010			2009		
	Air Products	Non-controlling Interests	Total Equity	Air Products	Non-controlling Interests	Total Equity
Balance at 31 December	$5,033.9	$150.2	$5,184.1	$4,726.1	$137.9	$4,864.0
Net Income	252.0	6.4	258.4	205.6	1.6	207.2
Components of Other Comprehensive Income (Loss), net of tax:						
Translation adjustments, net of tax of $43.9 and $20.7	34.7	(.3)	34.4	(217.1)	(5.4)	(222.5)
Net (loss) on derivatives, net of tax (benefit) of $(3.7) and $(15.2)	(6.9)		(6.9)	(24.7)	(.1)	(24.8)
Unrealized holding gain on available-for-sale securities, net of tax of $9.5 and $.1	16.4		16.4	.3		.3
Reclassification adjustments:						
Derivatives, net of tax of $2.8 and $13.0	5.3		5.3	21.5		21.5
Pension and postretirement benefits, net of tax of $6.1 and $1.4	11.3		11.3	4.3	(1.4)	2.9
Total Other Comprehensive Income (Loss)	60.8	(.3)	60.5	(215.7)	(6.9)	(222.6)
Comprehensive Income (Loss)	312.8	6.1	318.9	(10.1)	(5.3)	(15.4)
Dividends on common stock (per share $.49, $.45)	(104.0)		(104.0)	(94.4)		(94.4)
Dividends to noncontrolling interests		(8.7)	(8.7)		(5.6)	(5.6)
Share-based compensation expense	15.0		15.0	12.6		12.6
Issuance of treasury shares for stock option	6.1		6.1	1.5		1.5

and award plans						
Tax benefits of stock option and award plans	2.6		2.6	2.6		2.6
Contribution from noncontrolling interests		5.1	5.1			
Other equity transactions	(.8)		(.8)	(.2)	(.3)	(.5)
Balance at 31 March	$5,265.6	$152.7	$5,418.3	$4,638.1	$126.7	