

# 20|20 FOCUS

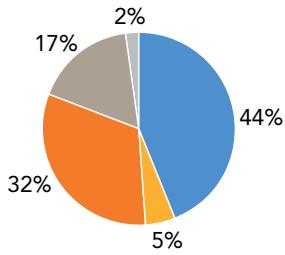
Delivering the Difference

ANNUAL REPORT 2007

AIR  
PRODUCTS

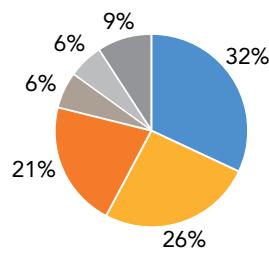
### 2007 Consolidated sales by destination

- United States
- Canada/Latin America
- Europe
- Asia
- Rest of World

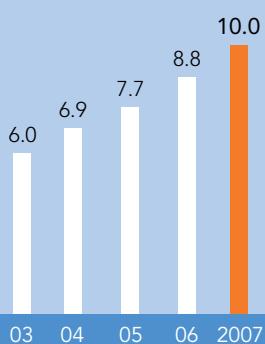


### 2007 Consolidated sales by business segment

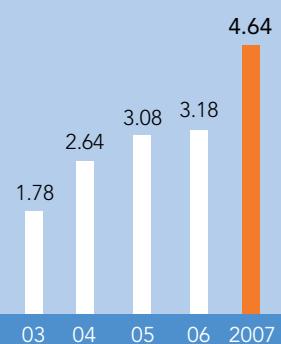
- Merchant Gases
- Tonnage Gases
- Electronics and Performance Materials
- Equipment and Energy
- Healthcare
- Chemicals



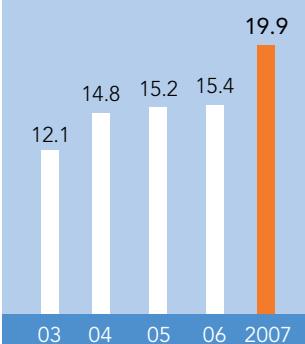
**Sales**  
(billions of dollars)



**Earnings per Share**  
(dollars-diluted basis)



**Return on Equity**  
(percentage using income from continuing operations)



(In millions, except for share data)

#### For the Year

|   | 2007     | 2006    | Change |
|---|----------|---------|--------|
| Sales   | \$10,038 | \$8,753 | 15%    |
| Operating income                              | 1,408    | 1,056   | 33%    |
| Net income                                    | 1,036    | 723     | 43%    |
| Capital expenditures <sup>(A)</sup>           | 1,596    | 1,411   | 13%    |
| Operating return on net assets <sup>(B)</sup> | 12.7%    | 10.6%   |        |
| Return on average shareholders' equity        | 19.9%    | 15.4%   |        |
| Operating margin                              | 14.0%    | 12.1%   |        |

#### Per Share Dollars

|                  |        |        |     |
|------------------|--------|--------|-----|
| Basic earnings   | \$4.79 | \$3.26 | 47% |
| Diluted earnings | 4.64   | 3.18   | 46% |
| Dividends        | 1.48   | 1.34   | 10% |
| Book value       | 25.52  | 22.67  | 13% |

#### At Year End

|                      |         |         |
|----------------------|---------|---------|
| Shareholders' equity | \$5,496 | \$4,924 |
| Shares outstanding   | 215     | 217     |
| Shareholders         | 9,300   | 9,900   |
| Employees            | 22,100  | 20,700  |

(A) Capital expenditures include additions to plant and equipment, investments in and advances to unconsolidated affiliates, acquisitions, and capital lease additions.

(B) Operating income divided by five-quarter average of total assets less investments in equity affiliates.

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# 20|20.

It's not about hindsight.  
And it's not just about vision.

**FOCUS.** It's about delivering the Air Products Difference for our shareholders, our customers and our people.

A focus on accelerating growth and innovation . . . on understanding and solving our customers' toughest challenges today and making them more competitive tomorrow.

A focus on superior financial returns . . . on using our global organizations and systems to drive continuous improvement.

A focus on the changing world around us . . . on embracing the opportunities it brings.

Our people's focus—on taking our performance to the next level.



**Our Markets** Merchant Gases | Supplying a wide variety of industrial and medical customers with industrial, certain medical and specialty gases. Tonnage Gases, Equipment and Energy | Supplying the petroleum refining, chemical and metallurgical industries with industrial gases from large on-site facilities or pipeline systems (Tonnage Gases segment) and cryogenic and gas processing equipment and technologies for future energy markets (Equipment and Energy segment). Electronics and Performance Materials | Supplying the silicon and compound semiconductor, display and photovoltaic device markets with specialty and tonnage gases, chemicals, services and equipment; and the coatings, inks, adhesives, civil engineering, personal care, institutional and industrial cleaning, mining, oil field, polyurethane and other industries with performance chemical solutions. Healthcare | Supplying at-home patients with respiratory therapies, home medical equipment and infusion services.

“ Focusing solely on what you can potentially do better than any other organization is the only path to greatness. ”

—Jim Collins, *Good to Great*

In 2007, 22,000 Air Products people around the globe focused on what they do better than anyone else: *delivering the Air Products difference*. It was a clear focus on driving top-line growth with greater improvements to the bottom line . . . on increasing our return on capital so we continued to earn the right to invest . . . on leveraging our global organization and systems . . . on really listening to customers and acting on that understanding . . . on embracing and responding to an ever-changing global landscape so we could seize market opportunities faster than ever before. We are on the path to becoming an even higher-growth, higher-return company, with results that are truly great.

### **Delivering the Difference**

This was a milestone year. For the first time, we reached \$1 billion in net income on sales of \$10 billion, up 43 and 15 percent, respectively, from the prior year. This marked our fourth consecutive year of double-digit sales and earnings per share growth. Operating income from continuing operations of \$1,390 million increased 23 percent, and diluted EPS of \$4.37 was up 25 percent.

We met our goal to improve operating return on net assets (ORONA) by increasing the return 110 basis points over the prior year through higher plant loading, productivity and continued capital discipline. We further strengthened our balance sheet, continuing to improve our solid financial position. Cash flow from continuing operations was \$1.5 billion, including pension contributions of \$290 million. Our debt-to-debt plus equity ratio ended the year at 39.3 percent, placing us squarely within an “A” credit rating range. Continuing operations capital spending on plant and equipment, excluding acquisitions, was \$1.1 billion; acquisition spending was \$539 million.

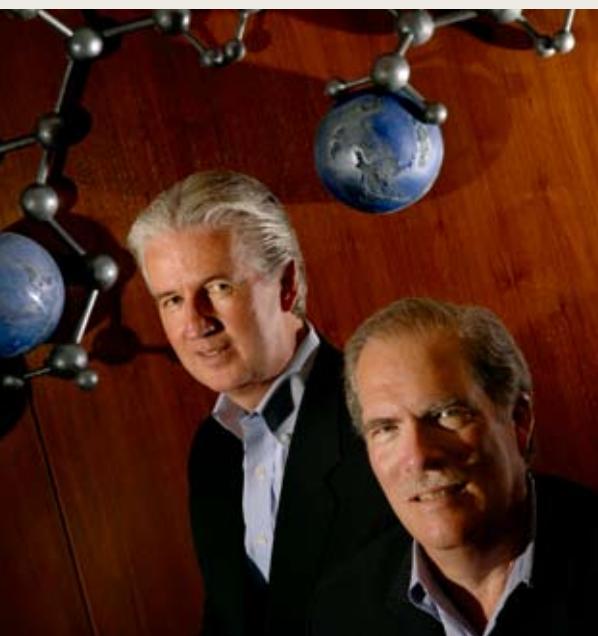
Certain amounts and comparisons to the prior year in this letter are considered non-GAAP measures. Please see page 12 for the comparable GAAP amounts and reconciliations.

The continued strength of our operating cash flows allowed us to repurchase \$567 million in shares—the third consecutive year we've bought back \$500 million or more of our stock. With just under a half-billion dollars remaining under the existing authorization, our Board approved an additional \$1 billion toward share repurchases. In keeping with our long-standing tradition, 2007 also marked our 25th consecutive year of dividend increases for shareholders.

With this strong underlying financial performance, we focused on capturing profitable growth. Having completed our strategic business reorganization, we aligned our people, capital, and research and development spending on growth markets. We saw strong demand for our Merchant Gases across the broad markets and geographies we serve, growing sales to \$3.2 billion. In Tonnage Gases, our hydrogen plant investments for clean fuels delivered great results, and we saw increased orders for large air separation units. And we won well over half the business we bid in a strong Electronics market capital investment cycle, while new product innovations and acquisitions moved us closer to our goal of building a \$1 billion Performance Materials business within the next five years.

Meanwhile, we continued to build on our leadership positions in growth geographies. Our total sales to customers outside of the U.S. continued to exceed 50 percent. Our 20+ percent growth trajectory in Asia continued, as we won new business; expanded manufacturing, engineering and research capabilities in China; built on our leading gas supply positions in key countries like Taiwan and Korea; and completed the acquisition of our remaining equity interests in Malaysia and our Performance Materials joint venture in China. We also acquired a significant merchant and packaged gas business in Poland, seizing the opportunity to become the leading industrial gas supplier in central Europe's fastest-growing economy. Finally, we delivered \$132 million in income from equity affiliates during the year.

With this growth came a continued commitment to reduce the cyclical nature of our portfolio. Following on our successful sale of the amines business and restructuring of polyurethane intermediates in 2006, we hope to have an agreement of sale in place for polymers by calendar year end. With a renewed focus on our electronics customers' demands for speed, cost



**John P. Jones III**  
Chairman

**John E. McGlade**  
President and  
Chief Executive Officer

leadership and value-added products, we streamlined our product portfolio; closed our specialty materials facility in Morrisville, Pennsylvania; divested our photoresist developer business; and announced an agreement to sell our High Purity Process Chemicals business.

We also continued our efforts to improve our U.S. Healthcare business. We put a new management team in place. We restructured our sales and customer service teams while implementing action plans to drive our growth and productivity. We are not yet satisfied with our business performance in this segment. We do, however, believe we are positioning ourselves to earn a premium above our cost of capital as we look to the future.

Finally, we continued to drive productivity to benefit customers and our bottom line. Companywide, we drove SG&A as a percent of sales down to 11.8 percent, 50 basis points lower than last year. Our move to shared services in Europe was just one example of our ongoing efforts to simplify and streamline our day-to-day operations. Most importantly, our continuous improvement processes and tools, including our single instance of SAP, continue to deliver value, creating opportunities for us to meet the needs of customers with speed and efficiency. With our SAP deployment in China, Taiwan and Korea, we have approximately 90 percent of Air Products' revenues worldwide on one global system.

Above all, we accomplished all of these goals with exceptional environmental, health and safety performance—one of our best years ever and representing one of the best records in our industry.

## **Responding to the Pace of Change**

For the past several years in our Deliver the Difference journey, we have done a great deal of heavy lifting internally—getting our own house in order to increase customer and shareholder value while positioning for sustained, profitable growth. We simplified, standardized and globalized our work processes, enabling a culture of continuous improvement. We reorganized into four global businesses for maximum growth and returns. We worked hard to eliminate waste and boost productivity.

Throughout this process, our ability to listen and build relationships remained the primary differentiator in our commercial success. In 2007, for example, we continued to win new business with long-term customers such as Samsung; Jushi Group Co., Ltd.; Guofeng Steel Co Ltd; Eastman Chemical, Inc.; Wison Chemical Company Ltd.; Hynix Semiconductor Inc.; NASA and many, many others. We increased capacity of nitrogen trifluoride in Korea, nitrous oxide in Taiwan, and tungsten hexafluoride in the U.S. and expanded our R&D activities to meet our global Electronics and Performance Materials

customers' growth. Our petroleum refining, chemical and metallurgical customers again depended on the operational excellence and reliability we provided from our Tonnage plants and supply networks. And we continued to debottleneck and draw more volumes from our existing Merchant facilities while undertaking capacity expansions in regions where our customers need product the most.

As we look to the future, and the pace of change continues to accelerate, we'll focus on agility, speed and innovation to take our customer relationships to the next level. We believe we are well positioned to do this—we have a long history of anticipating and evolving with market events and trends that have driven our growth and helped make our customers more successful. As *New York Times* columnist Thomas Friedman says in his book, *The World is Flat*, successful companies thrive on change and on embracing the challenges and opportunities that come with it.

You can read more about our drivers for growth on the pages that follow.

## On Our Horizon

As John and I transition leadership, Air Products is positioned to become an even higher-growth, higher-return company. Moving into 2008, we are positioned in the right markets and geographies. We have a strong project workload, and bidding activity across our segments remains high.

We will work to expand our margins and continue to reduce costs across all of our businesses, with a goal of driving a 100 basis point margin improvement in fiscal 2008 and a 300 basis point increase over the next three years. And we expect to maintain a premium to our cost of capital going forward.

What all of this translates into is our focus on achieving a fifth consecutive year of double-digit earnings growth and continued improvement in return on capital in 2008. Our people's focus on continuing to develop our leadership positions today while relentlessly pursuing the growth opportunities of tomorrow has never been sharper.

Sincerely,



John P. Jones III  
Chairman



John E. McGlade  
President and Chief Executive Officer



There is inherent growth in the diverse portfolio of gases, materials, equipment and services we provide. That's because our products play critical roles in our global customers' competitiveness and sustainability: from improving their energy efficiency and enabling more throughput to enhancing product quality and environmental performance. By building strong relationships based on a deeper understanding of our customers' greatest needs, we've been given a clearer view to the market trends that drive change and growth in the global economy. As the world gets flatter, and as opportunities explode in emerging regions, our focus is on delivering speed, agility and innovation . . . on reinforcing the leading supply positions we have today and pursuing the growth markets and geographies of tomorrow.

**Our gases are increasingly essential to better environmental performance, quality and productivity in our Merchant customers' processes.**

While gases generally are a small portion of their overall cost stack, Merchant customers rely on our oxygen, nitrogen, argon, hydrogen, helium and other industrial and specialty gases to help them do what they do better in two distinct ways. First, we offer the most economical mode of supply possible, from packaged gases to liquid bulk to small cryogenic and noncryogenic on-site plants. Second, we bring extensive technology know-how to the markets we serve—from steel and food freezing to welding and water treatment to metals processing and glass. We help our customers reduce energy use and lower emissions while improving their efficiency, quality and performance in an increasingly competitive marketplace.

We also bring the benefits of a global organization to bear in each of the four geographies we serve—North America, Europe, Asia and Latin America—and in countries such as India, South Africa and Mexico, where we sell merchant products through joint ventures. We manage what is, by nature, a local business, using a consistent global platform for R&D, offering development, marketing, customer service, logistics and business management. This

allows us to quickly share best practices, analyze the business using our single instance of SAP, and run cost-efficient local operations.

Going forward, with our leading supply positions in Korea, Taiwan and China and tremendous manufacturing expansion across Asia, we expect continued double-digit growth in the region. In more established markets in North America and Europe, we are debottlenecking our plants and selectively expanding certain facilities to meet high demand. And we continue to lead by moving into new growth areas such as Poland. Meanwhile, we are building our portfolio of offerings in packaged gases to meet the needs of customers who have special gas purity, safety, or cylinder handling and weight requirements. And we are developing small-scale plant offerings for manufacturers who require volumes that can be provided economically by liquid or bulk delivery.



**The absolute price and limited supply of traditional energy sources continue to create growth opportunities for our Tonnage Gases, Equipment and Energy business.**

As the world's leading supplier of on-purpose hydrogen, we enable refineries to process clean transportation fuels and meet environmental regulations. We expect annual growth of 10% to 15% over the next decade, as refiners require more hydrogen to process heavier, higher-sulfur crude slates, and as they retire older steam methane reforming assets in favor of new production. We've grown our global hydrogen franchise capacity by more than 45% over the last two years, and there are a significant number of new opportunities ahead.

In the face of rising oil, natural gas and electricity costs, gasification has become an increasingly attractive option for providing affordable, clean energy. For example, we are one of the few companies in the world

capable of supplying the extremely large volumes of oxygen used to gasify petroleum coke—a by-product of heavier, more sour crude processing. The use of pure, high-pressure oxygen produces syngas, which can in turn be used to produce pure hydrogen or other chemical products such as methanol and ammonia. This technology also produces a purer carbon dioxide stream that can be sequestered or used for potential enhanced oil recovery projects—all while eliminating traditional NOx emissions. In addition to solutions for new-build solid-fuel power plants, the large installed base of existing solid-fuel plants can be retrofitted with our oxy-fuel combustion technology, enabling the promise of "greenhouse gas friendly" coal-fired power generation.

Liquefied natural gas (LNG) is also an increasingly viable energy alternative, and dozens of LNG receiving terminals are in various aspects of regulatory and permitting approval around the globe. We've built a leading market position supplying patented process technology and heat exchanger equipment, with our newest AP-X® exchangers capable of achieving 50% more production from a single liquefaction plant. Meanwhile, we are supplying large quantities of nitrogen for projects that require the Btu value of imported LNG to be lowered prior to use. And we are involved in projects where we are recovering cold from LNG receiving terminals and using it to liquefy air into oxygen and nitrogen.





**With rapid advances in technology and the need to continually push the performance boundaries of their products, Electronics and Performance Materials customers rely on us for solutions.**

Whether it's for the surface of a semiconductor wafer or a high-end automobile, our materials take our customers' product performance to the next level. More than half of our total company R&D spending is devoted to our Electronics and Performance Materials business, reflecting our focus on technology to move new materials quickly and cost-effectively from the lab into world-scale production. We have more than 30 years' experience developing products that have made electronic devices smaller and more powerful, and coatings, inks and

adhesives formulations better-performing and more environmentally friendly. And we continue to invest in process technology at our global manufacturing sites to improve yields and reduce costs for our customers. Our long-term relationships, innovation, and supply chain capabilities have made us a leader and driven substantial growth.

In the years ahead, more than 60% of new integrated circuits for electronics are expected to be manufactured in Korea, Taiwan and China—countries where we have built leading supply positions. Our scale and expertise as the world's largest electronic specialty materials provider are helping us pursue growth in logic and expanding applications in memory for semiconductors. For example, we've developed a series of high-k dielectric materials that

combat technological hurdles while using considerably less power, and our patented low-k dielectric material is the leading product being implemented at 45-nanometer geometries today. Flat-panel displays require even greater quantities of our materials than silicon fabs, and we are seeing growth around 20% per year in that market. We also are winning opportunities to serve emerging areas such as photovoltaics.

In Performance Materials, we continue to grow our technology and market positions, supplying epoxy curing agents, polyurethane additives, specialty surfactants and a new generation of advanced materials to a variety of industries. While these prod-

ucts typically are a small part of customers' formulations, the unique performance advantages they deliver are significant and provide differentiation in use that is difficult to duplicate. Our materials make shoe soles lighter-weight and more supportive; wall foam insulation more consistent and easier to manufacture; coatings more environmentally friendly and easier to apply; and cosmetics and personal care products longer-lasting, to name a few. We also continue to develop and commercialize new offerings, which today represent 15% of our product portfolio and growing—a focus for our success going forward.



**As people live longer and require better, lower-cost healthcare, we provide essential products and services that improve the quality of our patients' lives.**

We have a long history serving the health-care sector, providing services to patients in their homes and delivering products to medical institutions and other healthcare providers across the globe. We began supplying home respiratory oxygen more than 60 years ago, and we've provided helium for magnetic resonance imaging and medical grade oxygen to hospitals, and nitrogen and other products to the pharmaceutical industry for decades. Almost everywhere in the world, the demand for quality health-care is growing as people live longer and seek cost-effective alternatives that afford them greater freedoms. Only those companies that focus on patients' needs and evolve with competitive and regulatory changes will be successful around the world in the years ahead.

In Europe, our leading positions in key countries, technology innovation and strong execution have enabled us to grow. We also are pursuing opportunities in emerging markets in Asia, marked this year by our entry into Korea. In the U.S., our management team has redefined our business model to focus our offerings around home oxygen and other respiratory services to the home healthcare market. Balancing the



needs of patients, payers and prescribers will continue to be a key element of our success going forward.

Commercialization of new products and therapies also is expected to help drive growth. For example, we have led the way in making portable oxygen more widely available in the UK, helping patients get out and about more. Elsewhere, we are making portable concentrators and self-fill systems available so patients can take greater control of their oxygen supply. And we are looking to build on our success supplying infusion services in the U.S. and parts of Europe with new offerings. Meanwhile, we continue to simplify and standardize our portfolio in keeping with market trends so we can best meet our patients' needs, make it easier for prescribers to do business with us, and lower our costs to serve.

## Non-GAAP Measures

**The Letter to Shareholders beginning on page 2 contains non-GAAP measures which adjust results to exclude the effect of several items that are detailed in the Notes to the consolidated financial statements.**

The presentation of non-GAAP measures is intended to enhance the usefulness of financial information by providing measures which the Company's management uses internally to evaluate the Company's baseline performance. Presented below are reconciliations of reported GAAP results to non-GAAP measures.

### Consolidated Results

|                                   | Continuing Operations |                  |                | ORONA<br>2007 | ORONA<br>2006 | Basis Point<br>Change |
|-----------------------------------|-----------------------|------------------|----------------|---------------|---------------|-----------------------|
|                                   | Operating<br>Income   | Income           | Diluted<br>EPS |               |               |                       |
| <b>2007 GAAP</b>                  | <b>\$1,407.7</b>      | <b>\$1,042.7</b> | <b>\$4.67</b>  |               |               |                       |
| 2006 GAAP                         | 1,055.6               | 745.1            | .328           |               |               |                       |
| <b>% Change GAAP</b>              | <b>33%</b>            | <b>40%</b>       | <b>42%</b>     |               |               |                       |
| <b>2007 GAAP</b>                  | <b>\$1,407.7</b>      | <b>\$1,042.7</b> | <b>\$4.67</b>  |               |               |                       |
| Gain on contract settlement       | (36.8)                | (23.6)           | (.11)          |               |               |                       |
| Global cost reduction plan        | 13.7                  | 8.8              | .04            |               |               |                       |
| Pension settlement                | 10.3                  | 6.4              | .03            |               |               |                       |
| Donation/sale of cost investment  | (5.0)                 | (19.8)           | (.09)          |               |               |                       |
| Tax audit settlements/adjustments | —                     | (38.8)           | (.17)          |               |               |                       |
| <b>2007 Non-GAAP Measure</b>      | <b>\$1,389.9</b>      | <b>\$ 975.7</b>  | <b>\$4.37</b>  |               |               |                       |
| <b>2006 GAAP</b>                  | <b>\$1,055.6</b>      | <b>\$ 745.1</b>  | <b>\$3.28</b>  |               |               |                       |
| Global cost reduction plan        | 72.1                  | 46.8             | .21            |               |               |                       |
| <b>2006 Non-GAAP Measure</b>      | <b>\$ 1,127.7</b>     | <b>\$ 791.9</b>  | <b>\$3.49</b>  |               |               |                       |
| <b>% Change Non-GAAP</b>          | <b>23%</b>            | <b>23%</b>       | <b>25%</b>     |               |               |                       |

|   |              |            |
|---|--------------|------------|
| Five-quarter average identifiable assets from continuing operations | \$11,084.3   | \$9,929.4  |
| Operating income GAAP   | 1,407.7      | 1,055.6    |
| <b>ORONA GAAP</b>   | <b>12.7%</b> | 10.6% +210 |

Operating return on net assets (ORONA) is calculated as operating income divided by five-quarter average of identifiable assets (i.e., total assets less investments in and advances to equity affiliates).

|  | 2007           | 2006   | 2005   | 2004   | 2003   |
|--|----------------|--------|--------|--------|--------|
| <b>GAAP EPS from Continuing Operations</b>     | <b>\$ 4.67</b> | \$3.28 | \$3.05 | \$2.65 | \$1.96 |
| <b>GAAP EPS Growth</b>                         | <b>42%</b>     | 8%     | 15%    | 35%    |        |
| Gain on contract settlement                    | \$ (11)        |        |        |        |        |
| Global cost reduction plan                     | .04            | .21    |        |        | .29    |
| Pension settlement                             | .03            |        |        |        |        |
| Donation/sale of cost investment               | (.09)          |        |        |        |        |
| Tax audit settlements/adjustments              | (.17)          |        |        |        |        |
| Pro forma stock option expense                 |                | (.13)  | (.13)  | (.17)  |        |
| <b>Non-GAAP EPS from Continuing Operations</b> | <b>\$ 4.37</b> | \$3.49 | \$2.92 | \$2.52 | \$2.08 |
| <b>Non-GAAP EPS Growth</b>                     | <b>25%</b>     | 20%    | 16%    | 21%    |        |

**Board of Directors**

**John P. Jones III**  
Chairman and retired  
Chief Executive Officer  
of Air Products.  
Director since 1998.



**Ursula O. Fairbairn**  
President and Chief  
Executive Officer of  
Fairbairn Group, LLC.  
Director since 1998.



**John E. McGlade**  
President and Chief  
Executive Officer  
of Air Products.  
Director since 2007.



**Mario L. Baeza**  
Founder and Controlling  
Shareholder of Baeza &  
Co. and Founder and  
Executive Chairman of  
V-Me Media, Inc.  
Director since 1999.



**W. Douglas Ford**  
Retired Chief Executive,  
Refining and Marketing,  
of BP Amoco plc.  
Director since 2003.



**Margaret G. McGlynn**  
President, Global  
Vaccine and Infectious  
Diseases Division of  
Merck & Co., Inc.  
Director since 2005.



**William L. Davis, III**  
Retired Chairman,  
President, and Chief  
Executive Officer of  
RR Donnelley.  
Director since 2005.



**Edward E. Hagenlocker**  
Former Vice Chairman of  
Ford Motor Company and  
former Chairman of Visteon  
Automotive Systems.  
Director since 1997.



**Charles H. Noski**  
Retired Vice Chairman of  
AT&T Corporation and  
former Corporate Vice  
President and Chief Financial  
Officer of Northrop Grumman.  
Director since 2005.



**Michael J. Donahue**  
Former Group Executive  
Vice President and Chief  
Operating Officer of  
BearingPoint, Inc.  
Director since 2001.



**Evert Henkes**  
Retired Chief Executive  
Officer of Shell Chemicals Ltd.  
Director since 2006.



**Lawrence S. Smith**  
Former Chief Financial  
Officer of Comcast  
Corporation.  
Director since 2004.

**Corporate Executive Committee**

**John E. McGlade**  
President and Chief  
Executive Officer.



**Paul E. Huck**  
Senior Vice President  
and Chief Financial  
Officer.



**Lynn C. Minella**  
Senior Vice President—  
Human Resources and  
Communications.



**Robert D. Dixon**  
Senior Vice President  
and General Manager—  
Merchant Gases.



**Steven J. Jones**  
Senior Vice President,  
General Counsel and  
Secretary.



**Scott A. Sherman**  
Senior Vice President  
and General Manager—  
Tonnage Gases,  
Equipment and Energy.



**Michael F. Hilton**  
Senior Vice President  
and General Manager—  
Electronics and  
Performance Materials.



**John W. Marsland**  
Vice President and  
General Manager—  
Healthcare.

For more information about Corporate Governance practices at Air Products, visit our Corporate Responsibility Web site at [www.airproducts.com/responsibility](http://www.airproducts.com/responsibility).

## SHAREHOLDERS' INFORMATION

### Common Stock Information

Ticker Symbol: APD  
Exchange Listing: New York Stock Exchange  
Transfer Agent and Registrar:  
American Stock Transfer and Trust Company  
59 Maiden Lane, New York, NY 10038  
Telephone: 800-937-5449  
Internet: [www.amstock.com](http://www.amstock.com)  
E-mail: [info@amstock.com](mailto:info@amstock.com)

### Publications for Shareholders

In addition to this Annual Report, Air Products informs shareholders about Company news through:

Notice of Annual Meeting and Proxy Statement – mailed to shareholders in mid-December and available electronically on our Web site at [www.airproducts.com/invest/](http://www.airproducts.com/invest/).

Form 10-K Report – filed annually with the Securities and Exchange Commission at the end of November.

Earnings Information – shareholders and investors can obtain copies of earnings releases, Annual Reports, 10-Ks and news releases by dialing 800-AIR-6525. Shareholders and investors can also register for e-mail updates on our Web site.

### Dividend Policy

Dividends on Air Products' common stock are declared by the board of directors and, when declared, usually will be paid during the sixth week after the close of the fiscal quarter. It is the Company's objective to pay dividends consistent with the reinvestment of earnings necessary for long-term growth.

### Direct Investment Program

Current shareholders and new investors can conveniently and economically purchase shares of Air Products' common stock and reinvest cash dividends through American Stock Transfer and Trust Company. Registered shareholders can purchase shares on American Stock Transfer and Trust's Web site, [www.investpower.com](http://www.investpower.com). New investors can obtain information on the Web site or by calling 877-322-4941 or 718-921-8200.

### Annual Meeting

The annual meeting of shareholders will be held on Thursday, January 24, 2008, 2:00 p.m., at Cedar Crest College, Allentown, Pennsylvania.

### Terminology

The term Air Products and Chemicals, Inc., as used in this Report, refers solely to the Delaware corporation of that name. The use of such terms as Air Products, Company, division, organization, we, us, our and its, when referring to either

### 2007 Quarterly Stock Information

|        | High           | Low            | Close          | Dividend      |
|--------|----------------|----------------|----------------|---------------|
| First  | <b>\$72.45</b> | <b>\$66.19</b> | <b>\$70.28</b> | <b>\$ .34</b> |
| Second | <b>78.63</b>   | <b>68.58</b>   | <b>73.96</b>   | <b>.38</b>    |
| Third  | <b>82.74</b>   | <b>73.30</b>   | <b>80.37</b>   | <b>.38</b>    |
| Fourth | <b>98.51</b>   | <b>77.26</b>   | <b>97.76</b>   | <b>.38</b>    |
|        |                |                |                | <b>\$1.48</b> |

### 2006 Quarterly Stock Information

|        | High    | Low     | Close   | Dividend      |
|--------|---------|---------|---------|---------------|
| First  | \$61.89 | \$53.00 | \$59.19 | \$ .32        |
| Second | 68.10   | 58.01   | 67.19   | .34           |
| Third  | 69.54   | 59.18   | 63.92   | .34           |
| Fourth | 68.48   | 60.92   | 66.37   | .34           |
|        |         |         |         | <b>\$1.34</b> |

Air Products and Chemicals, Inc. and its consolidated subsidiaries or to its subsidiaries and affiliates, either individually or collectively, is only for convenience and is not intended to describe legal relationships. Significant subsidiaries are listed as an exhibit to the Form 10-K Report filed by Air Products and Chemicals, Inc. with the Securities and Exchange Commission. Groups, divisions or other business segments of Air Products and Chemicals, Inc. described in this Report are not corporate entities.

### Annual Certifications

The most recent certifications by our Chief Executive Officer and Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 are filed as exhibits to our Form 10-K. We have also filed with the New York Stock Exchange the most recent Annual CEO Certification as required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual.

### Additional Information

The forward-looking statements contained in this Report are qualified by reference to the section entitled "Forward-Looking Statements" on page 36 of the Financials section.

### Acknowledgments

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In 2008, Air Products will adopt the SEC's mandatory Notice and Access, or "e-proxy" rule, and send a Notice of Internet Availability to shareholders and post its proxy materials to the Internet.