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Paul E. Huck
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12 September 2006

Technical Director – File Reference 1205-001
Financial Accounting Standards Board
of the Financial Accounting Foundation
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116



LETTER OF COMMENT NO. 23A

Dear Sir or Madam:

The intent of this letter is to express our concern over the conclusions reached during the recent deliberations of the exposure draft on Consolidated Financial Statements, Including Accounting and Reporting of Noncontrolling Interests in Subsidiaries and to reemphasize our position regarding certain issues in the exposure draft. We previously submitted a comment letter dated 28 October 2005. Air Products is a major supplier of industrial gases and related equipment, chemicals, and environmental and energy systems with consolidated annual sales over \$8 billion.

During the Board's recent deliberations, it was affirmed that a retained investment in a former subsidiary should be recorded at fair value with the resulting gain or loss recognized in income. We do not agree with the recognition of holding gains and losses on the retained investment in a former subsidiary. This treatment is inconsistent with all other standards regarding revenue recognition and the culmination of the earnings process. It also does not give the user of financial statements a better understanding of the company's performance, but rather one-time recognition of holding gains and losses that can cloud the results of the business.

We would also like to reemphasize our position that the purchase or sale of an equity interest regardless of ownership level should be treated in the same manner. A sale of an equity interest is the same as the sale of any other asset and should result in recognition of a gain or loss. The purchase of an additional equity interest in a subsidiary should be based on its cost, not the fair value when control was obtained. This position reflects a principle-based approach as opposed to a rule-based approach. Any rule-based approach, such as leases, allows for the opportunity to manipulate earnings and structure a balance sheet to achieve certain desired results.

As discussed in our original comment letter, we do not agree that the noncontrolling interest in a consolidated subsidiary should be classified in shareholders' equity. Shareholders' equity should represent the ownership interests of the parent company, not that of the parent company and third parties. Additionally, treatment of the noncontrolling interest as equity adds a significant degree of complexity to the accounting for such interests. We recommend that the current treatment of minority interest be retained.

We thank you again for the opportunity to express our views on this important issue, and would welcome any further inquiry by the Board to ensure that our position is fully understood.

Sincerely,