



Air Products and Chemicals Inc.
7201 Hamilton Boulevard
Allentown, PA 18195-1501
Tel (610) 481-7932
Tel (610) 481-7009

Paul E. Huck
Sr. Vice President and
Chief Financial Officer

August 8, 2008



LETTER OF COMMENT NO. 164

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1600-100

Exposure Draft: Proposed Statement of Financial Accounting Standards
"Disclosure of Certain Loss Contingencies, an amendment of FASB Statements
No. 5 and 141(R)"

Dear Technical Director:

We appreciate the opportunity to respond to your request for comments on the exposure draft of the proposed Statement of Financial Accounting Standards "Disclosure of Certain Loss Contingencies, an amendment of FASB Statements No. 5 and 141(R)" dated June 5, 2008.

Air Products serves customers in industrial, energy, technology and healthcare markets worldwide with a unique portfolio of atmospheric gases, process and specialty gases, performance materials, and equipment and services. Air Products has annual revenues of \$10 billion, operations in over 40 countries, and 22,000 employees around the globe.

We have reviewed the proposed statement and we believe the proposal does not achieve the Board's stated objectives of improving the overall quality of loss disclosures and will not provide financial statement users with additional decision-useful information. We are concerned that the proposed statement will adversely affect financial reporting as it requires disclosures of a larger population of unrecognized loss contingencies, excluding only those contingencies that meet certain narrow criteria. We believe that the requirement to qualitatively and quantitatively disclose unrecognized loss contingencies if the likelihood of loss is "more than remote" could lead to the inclusion of loss contingencies such as frivolous lawsuits for sometimes large, but ultimately unrecoverable, claims. Because litigation claims are volatile and the outcome dependent on often quite unpredictable factors, it would be difficult for a company to assert that the likelihood of loss is remote and, as a result, many claims are likely to be reported that will never have an impact on the company. Consequently, the financial statement disclosures would include amounts that would be misleading and would not assist

users of financial statements to accurately assess the likelihood, timing and amount of future cash flows associated with these loss contingencies. Also, for large companies who will have numerous claims, the amount of disclosure will be burdensome and confusing to the financial statement user on issues which, more than likely, will never have an impact.

We also believe that the Board's exemption from disclosing certain information about contingencies that are prejudicial to an entity's position will not be a relief to companies who are reluctant to exercise this exemption given that it could be utilized only in "rare" instances. In addition, we believe that the ability to aggregate information about loss contingencies will not be of benefit to companies who have few loss contingencies. These reporting entities, even with this prejudicial exemption, would still be required to disclose the amount, or best estimate, of the claim against them. Further, the reporting entity must still provide a description of the loss contingency, including how it arose, its legal basis, anticipated timing of its resolution, and the factors that would affect the outcome and the potential impact of the outcome. Moreover, requiring a quantitative assessment of litigation will entail an evaluation of subjective factors, many of which have nothing to do with the merits of the underlying case such as the skill of the opponent, reputation of the court, local procedural practices, media coverage, impact on subsequent litigation, etc. This process is by nature time consuming, costly and inaccurate. But more importantly, the company's subjective assessment of factors such as these will need to be disclosed in order to explain the company's expectations of the timing and outcome of the contingency. These disclosures could place a reporting entity at risk of exposing elements of its litigation strategy and could impact the outcome of the litigation itself.

We note that on April 17, 2008, Financial Executives International (FEI) submitted a comment letter stating its overall concern of the possible detrimental impacts of the proposed additional disclosures of loss contingencies related to litigation on both the reporting entity as well as the individual investor. We concur with the points made by FEI and believe that the requirements of this proposed statement would likely lead to investor confusion and poor investor decision making. We also agree that requiring any kind of disclosure that would lead to potential conflicts with management's fiduciary responsibility, waivers of attorney-client privilege and auditor-client communication should not be required. Instead of reiterating the points made in FEI's comment letter, we respectfully refer to that letter as support for our position that litigation should be excluded from the requirements of this proposed statement.

We feel that the current requirements of FASB Statement No.5, "Accounting for Contingencies," (SFAS No. 5) is a better reflection of the economic reality and should not be changed. While the exposure draft does not change the recognition criteria under SFAS No. 5 it does change the content of the disclosure and eliminates the possibility that a contingent exposure is not currently estimable. Entities very often cannot reasonably estimate the amount of loss or range of loss especially early in the life of a lawsuit. As a result, they will be forced to disclose the amount of the claim or assessment or, if there is no claim or assessment, their best estimate of the maximum exposure to loss. As discussed above, disclosure of these amounts would often be misleading.

In summary, we believe that proposed additional disclosures does not equate to enhanced decision-useful information and would not improve current financial reporting. Rather, we believe that the inherent subjectivity of quantifying amounts for certain loss contingencies could mislead and raise significant challenges to the financial statement user in evaluating the ultimate financial implications of these contingencies. We believe that SFAS No. 5 represents a good principles-based approach to contingencies and one that has stood up well over time. We would be distressed to make these proposed moves towards a more rules-based approach. We are certain that there have been times when preparers have not fully applied the principles of SFAS No. 5. However, that does not mean we need more rules. It does mean that the auditors and reviewing authorities need to be more diligent in their enforcement of the principles.

We appreciate your consideration of our views on the exposure draft on disclosure for loss contingencies. We would be pleased to further discuss our comments with you.

Respectfully,

A handwritten signature in black ink, appearing to read "P. Huck", written in a cursive style.

Paul E. Huck
Sr. Vice President &
Chief Financial Officer