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Financial Accounting Standards Board Technical Director File Reference No. 1840-100

We appreciate the opportunity to comment on the Proposed Accounting Standards Update—Contingencies (Topic 450): Disclosure of Certain Loss Contingencies dated 20 July 2010 ("proposed ASU").

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. In fiscal 2009, Air Products had annual revenues of \$8.3 billion and operations in over 40 countries.

Overall, we appreciate the efforts of the Board in addressing several of the prejudicial and burdensome elements contained in the original proposal. As we describe in the following paragraphs of this letter, we believe that the proposed ASU still requires disclosure of prejudicial and misleading information which would be burdensome and costly to prepare. We agree that users of financial statements should be provided with information to assess the timing and magnitude of a loss contingency. However, we are concerned that providing the expanded qualitative and quantitative disclosures required by this proposed ASU would be both misleading to the users of the financial statements and prejudicial to registrants for the reasons listed below. We believe that the current guidance in Topic 450 effectively accomplishes the Board's stated objective to provide meaningful information to financial statements users regarding the nature, potential magnitude, and potential timing of loss contingencies.

The proposed ASU would require disclosure of certain asserted but remote loss contingencies whose nature, potential timing, or potential magnitude may make an entity vulnerable to a potential severe impact. Disclosure of certain remote but severe impact loss contingencies could be misleading as the chance of these contingencies resulting in a loss is slight. Such disclosure will unduly alarm investors to potential risks that are unlikely to occur. While this requirement would improve the timeliness of disclosures about loss contingencies, the proposed approach would require disclosure of loss contingencies that will never rise to the level of reasonably possible. The current standard on disclosure of "reasonably possible" contingencies is more meaningful and we ask that it remains unchanged.

In addition, while we agree with the Board that an entity may still be exposed to loss, even when it believes that the loss contingency is fully covered by insurance, we disagree with the requirement to disregard insurance recoveries in assessing the materiality of a loss contingency. The impact of insurance coverage and indemnification arrangements is relevant to the materiality of a total potential loss. Therefore, we do not think it appropriate to disregard these items in assessing materiality for disclosure purposes. To the extent that insurance coverage will not be contested, it should be considered in the analysis for potential disclosures.

The proposed ASU also would require disclosure of certain quantitative information for loss contingencies including the "amount claimed by the plaintiff or the amount of damages." We do not perceive value to the investor in disclosing this amount. In litigation cases, plaintiffs are not restricted to the amount of damages they may claim, and often the ultimate exposure will be a fraction of that amount. While we agree with the Board's conclusion that such an amount is readily available by reference to court documents, we disagree with the conclusion that this disclosure provides a meaningful measure of potential magnitude. Disclosure of the claim amount would mislead and alarm investors, providing them with inaccurate data in evaluating the ultimate financial implications of the contingency.

We also disagree with the requirement to disclose the quantitative information regarding the "amount accrued, if any." In a litigation case, the amount accrued often reflects management's best estimate of the outcome of the case, and requiring disclosure of that amount would give opponents unfair advantage in settlement discussions. We believe that the ability to aggregate information about loss contingencies will not be of benefit to companies that have few loss contingencies. These companies, in complying with the expanded disclosure requirements, could be at risk of exposing elements of their litigation strategy which could impact the outcome of the litigation itself.

We appreciate the Board's focus on disclosing only "nonprivileged information" in this updated proposal; however, we believe that there are many aspects of this proposal that are contrary to that focus. For example, the updated proposal requires disclosure of the company's basis of defense. In litigation cases, such disclosure could be prejudicial to a company and could provide opponents with an unfair perspective into management's assessment and evaluation of the potential ultimate outcome. In today's litigious environment, disclosure of such prejudicial information could be detrimental to the company. We note that on 11 August 2010, the U.S. Chamber of Commerce submitted a comment letter voicing their concerns that the proposal would "prejudice registrants in ongoing litigation and infringe attorney-client privilege and other confidentiality protections." We concur with the points made by the U.S. Chamber of Commerce and also agree with their overall costs/ benefits assessments that the requirements of the proposal would be burdensome and costly while the benefits are unclear. Instead of reiterating the points made in that letter, we respectfully refer to that letter as additional support for our position on these topics and ask that the Board withdraw its current proposal.

As we stated in our prior comment letter submitted in August 2008, we feel that the current requirements under Topic 450 should not be changed. We believe that the current guidance represents a good principles-based approach to contingencies, is a better reflection of economic reality, and has been effective for over 30 years. We appreciate the objective of the proposed ASU but strongly believe that the current guidance, as written, fulfils that objective.

We appreciate the opportunity to provide comments on the proposed accounting standards update on disclosure of certain loss contingencies and would be pleased to discuss our views further with you.

Respectfully,

Paul E. Huck

Sr. Vice President and Chief Financial Officer