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

27 July 2011

Re: File Number 4-600
WORK PLAN FOR THE CONSIDERATION OF INCORPORATING INTERNATIONAL FINANCIAL REPORTING STANDARDS INTO THE FINANCIAL REPORTING SYSTEM FOR U.S. ISSUERS

We appreciate the opportunity to comment on the May 26 Staff Paper (the "Staff Paper") regarding a possible method of incorporation of IFRS into U.S. GAAP. 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 and operations in over 40 countries.

We agree with the objective of a single-set of high-quality global accounting standards, and believe this objective is best achieved via the integration of international accounting standards into U.S. GAAP over time. Our comments on specific areas of the Staff Paper, including the potential significant cost of IFRS implementation, the retention of U.S. GAAP and U.S. GAAP Standard Setters, the challenges of comparability across jurisdictions and in applying principle-based standards, and the transition period for convergence are discussed below.

Cost of IFRS Implementation
In a previous letter we submitted on the SEC Roadmap, we expressed our inability to justify the significant cost of implementing IFRS absent a strong business case regarding benefits to our company. The cost estimates of initial implementation included in the Roadmap clearly indicated the enormity of the effort. No matter what transition approach is taken, it is evident that our company will incur higher costs in the future to change processes, to upgrade and reconfigure systems, and to educate staff and train our team under standards that are principle based.

However, a well planned transition period where IFRS is incorporated into U.S. GAAP, as suggested in the Staff Paper, would offer the potential to reduce the cost of implementing any changes, and to absorb over time the financial impacts due to resources, processes and system changes. Given the limited resources most companies will have to implement the changes and convergence to IFRS even over a period of five to seven years, it will be critical that the FASB and the SEC develop a thorough plan and realistic timelines. Without an effective, detailed plan supporting the transition period and its vision from the beginning, some of the cost benefits of an extended transition could be lost by inefficient or repetitive conversion efforts. As such, we recommend the SEC and FASB develop a timeline that expeditiously completes the convergence with IFRS in a reasonably short time period.

Prospective Versus Retrospective Adoption
In the Transition Element section of the Staff Paper, reference is made to maximizing the number of IFRSs subject to prospective application. This approach is important from both a cost and clarity standpoint. If this transition is done over time, not allowing prospective application would lead to restatements occurring year after year for an extended period. Similarly, investors would have to recalibrate their understanding of a company's financial statements every year to adjust for such restatements. As such, we believe it is critical that prospective application is allowed whenever possible. A retrospective adoption might be more appropriate in the case of the "big bang" approach.

Retention of U.S. GAAP and U.S. GAAP Standard Setters
We support the retention of U.S. GAAP and integrating IFRS into U.S. GAAP over a transition period, which would be consistent with the approach taken in other countries. We also believe it will be important for the FASB, the SEC and U.S. constituents to maintain instrumental roles to promote the U.S. point of view when new standards are developed by the IASB. As proposed in the Staff Paper, we agree that the endorsement protocol, that the FASB will adopt during the transition period and after the convergence is established, will be critical to protect U.S. companies and U.S. investors. This transition will only be effective if any modifications to IFRS are rare and perhaps only incremental when incorporated into U.S. GAAP. Otherwise, the overall goal of adopting a single-set of high-quality global accounting standards will not be met and the comparability of financial statements for the benefit of investors will be lost.

In the meantime, we continue to support the approach of the FASB and IASB to work together towards convergence of any new accounting standards. Such an approach allows costs of implementation to be spread out over time and reduces the constraints on resources of affected companies.

Comparability
While many countries are currently using IFRS, it is not necessarily IFRS as issued by the IASB. These jurisdictional variations hinder comparability of reporting. There must be a cooperative and coordinated effort to eliminate country variations in application if comparability and the associated benefits are to be achieved.

Principle-based Standards
We are generally supportive of a more principle-based approach and the increased flexibility which allows the application of professional judgment to reflect the substance and economics of transactions. However, we also recognize that less detailed standards and more judgments could lead to inconsistencies, i.e., different accounting treatment for similar situations by different filers. Further, cultural and language differences may lead to a lack of comparability. The challenge of achieving comparability using IFRS, or any principle-based standards resulting from convergence, must be recognized and actively managed if it is to be achieved.

We have concerns about the implementation of principle-based standards by auditors and within the legal system in the U.S. Given the litigious environment in the U.S., we would see a need to change the securities laws. Action would be needed to prevent lawsuits where reasonable and supportable judgments and estimates are used as required to apply principle-based standards, as opposed to an intent to defraud or as a result of negligence. Auditors have become accustomed to rule-based standards, including those with bright-line tests. If auditors continually seek additional interpretations, would a shadow rule-based system evolve in the background of IFRS?

Limited Early Use

We are opposed to an option to allow U.S. companies to adopt IFRS early. It is our belief that doing so would only impair the comparability of financial statements issued by U.S. filers during the transition period, and make it more difficult for investors to understand the accounting rules being followed by individual companies. As noted above, we support a short transition period, the length of which will have to be established by an appropriate plan with both a clear timeline and well articulated milestones.

Summary

In summary, we support the objective of a single-set of high-quality global accounting standards, and we believe this objective is best achieved via global convergence. The methodology of converging should be a well thought out and planned transition that takes place over a short time period to enable companies to avoid inefficiencies, thereby minimizing the cost of such convergence. We also believe that the endorsement role of the FASB and the oversight role of the SEC are critical involvements in order to protect US stakeholders. Ultimately, focus should be on the desired end result of high-quality standards that drive improved comparability of financial statements across the globe and provide the intended benefits to our investors.

We appreciate the opportunity to provide comments on the Staff Paper and would be pleased to discuss our views further with you.

Respectfully,

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