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Paul E. Huck
Vice President and
Chief Financial Officer

10 February 2005

Office of the Secretary
PCAOB
1666 K Street, N.W.
Washington, DC 20006

Re: PCAOB Rulemaking Docket Matter No. 017

Gentlemen:

We appreciate this opportunity to comment on the PCAOB's "Proposed Ethics and Independence Rules Concerning Independence, Tax Services, and Contingent Fees." Air Products is a multinational major supplier of chemicals, industrial gases and related equipment, operating in 30 countries with annual sales exceeding $7.4 billion, assets of $10 billion, and a worldwide workforce of 19,900 employees.

We support the Board's goals to foster high quality audits and promote investor confidence in the financial statements of public companies and generally support the proposed rules. However, we wish to comment on practical considerations as you requested in the proposal.

Contingent Fee Arrangements

The public accounting firms offer a valuable service to companies in specialized, complex tax areas. It is not cost efficient for any company's tax department to have the in-depth knowledge of specific areas such as R&D tax credits to take full advantage of the tax benefits available to them. Public accounting firms can offer this service more efficiently by making it available across a large number of companies. By offering this service on a contingent fee basis, the shareholder benefits by the company not having to expend funds unless and until the accounting firm brings value to the process. In cases with which we are familiar, the final settlement with the accounting firm would not occur until and to the extent that the item is actually accepted by the taxing authority.

The proposed rule would deem the auditor not independent if, during the engagement period, the accounting firm provided the contingent fee service or received a contingent fee. We agree the auditor should not undertake contingent fee services during the engagement period. On the other hand, we don't believe that the payment of a contingent fee for a past service rendered when the firm was not the auditor of record should taint the independent relationship if the firm ultimately became the registrant's auditor.

Practically speaking, the proposed rule severely hampers a company's ability to change public accounting firms. We would consider only the largest of firms, i.e. the Big Four, to conduct our global audit. These are the same firms who offer the tax services that benefit the registrants. To stay eligible for future audit engagements, none of the firms would offer the contingent fee services. Therefore, the company's inability to avail themselves of specialized tax expertise and the inability to engage new auditors is not in the best interests of the shareholders. We believe the rules could be improved by retaining the proposed prohibition on the current auditors of record from accepting contingent fee work during the engagement period but allowing the receipt of contingent fees for services rendered prior to the appointment of the firm as auditor.

Audit Committee Pre-Approval

We believe the requirements for detailed review of tax services by the Audit Committee are burdensome and would not provide value. We operate in 30 countries and use the tax services of our auditor principally for tax compliance. Under our current policies, we will, on very limited occasion, use our auditor for tax planning and general tax advice in some of those countries. These services are pre-approved by our Audit Committee. We believe by presenting the tax services as an overall program with some specificity is sufficient. The process allows the Audit Committee to ask detailed questions about the services if the members believe it is necessary or prudent.

The proposed rules would require Audit Committee members, who have more responsibilities than ever before, to review, in our case, an additional 20 or more engagement letters and have detailed discussions on each engagement for services. The nature of the services are such as are permitted by the Sarbanes Oxley Act and the SEC rules. Requiring the committee to scrutinize each engagement for what is normally a routine compliance matter would not provide any value nor improve the independent relationship perception. We believe that summary reports, with specific details as requested, should continue to be sufficient. The Audit Committee is in the best position to decide the appropriate level of review.

We agree investor confidence in the integrity of publicly reported financial information is of paramount importance and many of the proposed rules would improve the perception of auditor independence. We do not believe the proposals noted above would improve the perception; in fact, we believe they could be detrimental to the investor/shareholder by limiting the registrant in its ability to engage auditors, take advantage of benefits to which it is entitled, and take valuable time from Audit Committee members for non-value added detailed reviews of tax services.

Sincerely,

Paul E. Huck