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Sr. Vice President and
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29 February 2016

Financial Accounting Standards Board
Technical Director
File Reference No. 2015-350

We appreciate the opportunity to comment on the Exposure Draft on the Proposed Accounting Standards Update to Fair Value Measurement (Topic 820) – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.

Air Products is an industrial gases company that serves energy, electronics, chemicals, metals, and manufacturing customers globally with a unique portfolio of products, services, and solutions that include atmospheric gases, process and specialty gases, electronics and performance materials, equipment, and services. Air Products had fiscal 2015 sales of \$9.9 billion, total assets of \$17.4 billion, and approximately 20,000 employees in 50 countries.

Overall

We support the FASB's efforts to improve the effectiveness of disclosures. We agree with the amendments in the proposed update which clarify that reporting entities may consider materiality when assessing disclosure requirements and with those that remove disclosure requirements that are no longer deemed to provide useful information. We also understand the FASB's desire to promote increased transparency regarding measurement uncertainty and enhanced quantitative information about unobservable inputs for Level 3 measurements. However, we do not support introducing a new disclosure requirement to provide information about unrealized gains and losses for outstanding Level 1 and Level 2 fair value measurements, as we do not believe this proposal will provide more useful information to the readers of the financial statements than the disclosures of unrealized gain/loss activity currently required. If the disclosure requirement were expanded to encompass gains/losses in other comprehensive income, we suggest the disclosure requirement be limited to Level 3 fair value measurements.

In addition, the expanded disclosures appear more relevant to only a few, specific industries.

Current Unrealized Gain/Loss Disclosures Are Sufficient

We believe that the existing disclosures of unrealized gains and losses provide adequate, useful information to financial statement users, and we believe that the proposed additional disclosures of gains and losses increase the complexity and volume of disclosures without a substantial added benefit to financial statement readers.

Consider, for example, the current disclosure requirements of gains and losses on cash flow hedges which are determined to be Level 2 measurements, which are detailed – and we believe, adequate – for financial statement users to understand the activity and risks associated with these instruments:

- ASC 815-10-50-4A(b), requires disclosure of the location and amount of the gains and losses on derivatives recorded to other comprehensive income and earnings.
- ASC 815-10-50-4C and 50-4D require gains and losses on cash flow hedges to be disaggregated by contract type, as well as by activity in earnings and other comprehensive income. This information includes amounts recorded into and out of other comprehensive income, as well as changes in fair value recorded to earnings for periods presented. The proposed guidance will require two additional tables that disclose gains and losses for the same period, but only for instruments that are outstanding at period end.

The proposed requirement does not provide financial statement users with a complete picture of the effects that derivative instruments have on financial statements and to a large degree repeats information already disclosed elsewhere. While this example relates to cash flow hedges, we have the same concern for all derivative instruments.

Paragraph BC21 of the Exposure Draft notes that “Fair value measurement changes may be presented in several different lines on the statement(s) of comprehensive income (or activities), often as aggregated amounts. Even reasonably informed users may find it difficult to track changes in the fair value of assets and liabilities to the appropriate line(s) in the statement(s) of comprehensive income (or activities).” We believe the disclosures required by ASC 815-10-50-4A, C, and D as well as the additional accumulated comprehensive income reclassification information required by ASC 220-10-45-14A to provide a complete understanding of how derivative instruments impact the financial statements.

In paragraph BC20 of the Exposure Draft, the FASB notes that financial statement users requested more information about the volatility of fair value measurements. We agree that financial statement users benefit from understanding the sensitivities of changes in fair value for financial instruments due to significant risk exposures. However, we believe that the information required by the Securities and Exchange Commission’s Item 305 provides more meaningful information to the users of financial statements regarding sensitivities to risk exposures than the proposed disclosure of unrealized gains and losses. The latter does not explain underlying drivers, and it does not provide information regarding the potential for additional fair value changes. As such, we believe that adding the disclosure requirement for unrealized gains and losses is less useful than currently required disclosures.

Preferred Approach

Currently, the disclosure requirements for changes in unrealized gains or losses is applicable to gains and losses included in earnings associated with Level 3 fair value measurements. If the disclosure requirement were expanded to require disclosure of

gains and losses in other comprehensive income, we suggest that this requirement also be limited to Level 3 fair value measurements. We believe this view is consistent with the FASB's goal of providing concise and useful information within the footnotes to the financial statements.

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

Respectfully,

A handwritten signature in black ink, appearing to read "M. Scott Crocco". The signature is written in a cursive style with a large, prominent initial "M".

M. Scott Crocco
Sr. Vice President and
Chief Financial Officer