

# **Airgas Board Rejects 'Bargain Basement' Buyout**

RADNOR, Pa. (AP) — Industrial gas supplier Airgas Inc. on Tuesday rejected the unsolicited \$5 billion buyout bid from larger rival Air Products and Chemicals Inc., calling it a "bargain basement price."

In a letter to Air Products CEO John McGlade, Airgas said the \$60 per share offer, as well as an earlier bid of \$62 per share, "grossly" undervalues the company.

Airgas also noted that, with the current depressed prices for many companies in the market, it is a "terrible" time to sell the business.

On Friday, Air Products offered to buy Airgas for about \$5 billion in cash, plus assumption of \$1.9 billion of debt. A combination of the companies would create one of the biggest industrial gas companies in the world.

Air Products sells gasses including argon, nitrogen, hydrogen, helium and oxygen for industrial, medical and other uses. Airgas sells gasses and provides gas equipment, welding products, tools, safety gear and janitorial supplies.

Air Products said it's willing to mount a hostile takeover if Airgas refuses to budge.

In the letter, Airgas CEO Peter McCausland said Air Products sold Airgas its U.S. packaged-gas business eight years ago when it was in "disarray" and now wants to take the improved operations back in an acquisition of the company.

McCausland also bristled at the way Air Products chose to do business.

"How a company conducts its business is important too," he wrote.

Airgas is upset that Cravath, Swaine & Moore, a New York law firm with which it has done business for nearly a decade, didn't reveal that while it was working for Airgas, it allegedly also had been working for Air Products and ended up handling the buyout bid.

Airgas sued the law firm, saying that Cravath possesses inside knowledge of Airgas's finances and operations that can give Air Products an advantage in its buyout bid.

In a statement, the firm said the lawsuit is "without merit."

Shares of Airgas, based in Radnor, Pa., rose 80 cents to 61.35 on Tuesday. Shares of Air Products, based in Allentown, Pa., fell 40 cents to \$67.95.

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