

Air Products Closer To Airgas Takeover

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ALLENTOWN, Pa. (AP) — Air Products and Chemicals, Inc. said Monday it has reached an agreement with staff at the Federal Trade Commission on the terms of a consent decree for its \$5.5 billion takeover of rival Airgas, Inc. The decree allows Air Products to acquire Airgas if it divests of certain assets, including Airgas's liquid bulk and onsite supply of atmospheric gases. The decree must now be approved by the FTC's commissioners.

Air Products, of Allentown, PA, sells gases including argon, nitrogen, hydrogen, helium and oxygen for industrial, medical and other uses. It has been negotiating a takeover of Radnor, PA-based Airgas for several months. Airgas sells gases and provides gas equipment, welding products, tools, safety gear and janitorial supplies.

Airgas's board has rejected Air Products' tender offer of \$63.50 per share of all outstanding shares. Air Products has extended its offer, which was set to expire August 13, to October 29. The company is also asking Airgas shareholders to elect its three board nominees at a shareholders' meeting September 15.

“We have now satisfied the principal conditions to completing a transaction with Airgas,” Air Products Chairman John McGlade said in a statement. “There remain no substantive impediments to closing immediately other than the intransigence of the Airgas board.”

Airgas says Air Products' bid is too low, particularly after it reported an 18 percent increase in earnings, to \$64.8 million, in the April-June quarter. The company raised its earnings forecast for fiscal 2011 ending in March to a range of \$3.15 to \$3.30 per share from \$2.95 to \$3.05 per share.

“Air Products' unsolicited tender offer is extremely opportunistic and does not fairly compensate Airgas stockholders for Airgas' extraordinary track record, outstanding recent results, increased earnings guidance, excellent future prospects or unique strategic position in the industry,” Airgas said Monday in a statement.

Airgas noted that 80 percent of its shareholders had decided not to tender their shares as of August 13. Air Products shares rose 56 cents to \$76.24 in morning trading. Airgas shares rose 50 cents to \$65.45.

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