

AIR PRODUCTS & CHEMICALS INC /DE/
Form SC TO-C
February 05, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE TO
(Rule 14d-100)

TENDER OFFER STATEMENT UNDER SECTION 14(D)(1) OR 13(E)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No.)

Airgas, Inc.
(Name of Subject Company (Issuer))

Air Products and Chemicals, Inc.
(Name of Filing Persons (Offerors))

Common Stock, par value \$0.01 per share
(Title of Class of Securities)

009363102
(CUSIP Number of Class of Securities)

John D. Stanley, Esq.
Senior Vice President and General Counsel
Air Products and Chemicals, Inc.
7201 Hamilton Boulevard
Allentown, PA 18195-1501
(610) 481-4911
(Name, Address and Telephone Numbers of Person Authorized to Receive
Notices and Communications on Behalf of Filing Persons)

Copies to:
James C. Woolery, Esq.
Cravath, Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, NY 10019-7475
(212) 474-1000

CALCULATION OF FILING FEE

Transaction Valuation
Not applicable

Amount of Filing Fee
Not applicable

Check the box if any part of the fee is offset as provided by Rule 0-11 (a) (2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: None

Filing Party:

Not applicable

Form or Registration No.: Not applicable

Date Filed:

Not applicable

Check the box if the filing relates solely to preliminary communications made before the commencement of a tender offer.

Check the appropriate boxes below to designate any transactions to which the statement relates:

- third-party tender offer subject to Rule 14d-1.
- issuer tender offer subject to Rule 13e-4.
- going-private transaction subject to Rule 13e-3.
- amendment to Schedule 13D under Rule 13d-2.

Check the following box if the filing is a final amendment reporting the results of the tender offer:

If applicable, check the appropriate box(es) below to designate the appropriate rule provision(s) relied upon:

- Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
 - Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)
-

Offer to Acquire Airgas
February 5, 2010

Offer to Acquire Airgas

2

ADDITIONAL INFORMATION

• This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. No tender offer for the shares of [Airgas], Inc. (“[Airgas]”) has commenced at this time. In connection with the proposed transaction, [Air Products], Inc. (“[Air Products]”) may file tender offer documents with the U.S. Securities and Exchange Commission (“SEC”). Any definitive tender offer documents will be mailed to stockholders of [Airgas]. INVESTORS AND SECURITY HOLDERS OF [Airgas], INC. ARE URGED TO READ THESE

AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE

BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors

and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by [Air Products] through the web site maintained by the SEC at <http://www.sec.gov>.

• In connection with the proposed transaction, [Air Products] may file a proxy statement with the SEC. Any definitive proxy statement will be mailed to stockholders of [Airgas]. INVESTORS AND SECURITY HOLDERS OF

[Airgas] ARE URGED TO READ THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR

ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT

THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by [Air Products] through the web site maintained by the SEC at <http://www.sec.gov>.

CERTAIN INFORMATION REGARDING PARTICIPANTS

• [Air Products] and certain of its respective directors and executive officers may be deemed to be participants in the proposed transaction under the rules of the SEC. Security holders may obtain information regarding the names, affiliations and interests of [Air Products]’s directors and executive officers in [Air Products]’s Annual Report on Form 10-K for the year ended September 30, 2009, which was filed with the SEC on November 25, 2009, and its proxy statement for the 2010 Annual Meeting, which was filed with the SEC on December 10, 2009. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will also be included in any proxy statement and other relevant materials to be filed with the SEC when they become available.

Offer to Acquire Airgas
Forward-Looking Statements

- All statements included or incorporated by reference in this communication other than statements or characterizations of historical fact, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our business and industry, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates", "expects", "intends", "plans", "predicts", "believes", "seeks", "estimates", "may", "will", "should", "would", "could", "potential", "continue", "ongoing", similar expressions, and variations or negatives of these words.
- These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause our actual results to differ materially and adversely from those expressed in any forward-looking statement. Important risk factors that could contribute to such differences or otherwise affect our business, results of operations and financial condition include the possibility that [Air Products] will not pursue a transaction with [Airgas] and the risk factors discussed in our Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings. The forward-looking statements in this release speak only as of the date of this filing. We undertake no obligation to revise or update publicly any forward-looking statement, except as required by law.

John Mc Glade
Air Products Chairman, President and CEO

4

Offer to Acquire Airgas

Transaction highlights

5

Consideration	All-cash offer for all Airgas shares at \$60.00 per share
Premium	Premium of 38% to Airgas' closing price on 2/04/10 of \$43.53
Accretion	Expected to be substantially accretive to Air Products cash EPS beginning in 2011
Synergies	Substantial cost synergies yielding \$250 million run rate by the end of year 2
Financing	Air Products has secured committed financing. Air Products is committed to remaining investment grade and to returning to an A rating
Regulatory Approval	Air Products has thoroughly considered potential regulatory issues and is prepared to make appropriate divestitures

Offer to Acquire Airgas

Compelling strategic and industrial logic

- Creates one of the world's leading integrated industrial gas companies
- Largest industrial gas company in North America and one of the largest in the world
 - Diversified across geographies and distribution channels with competitive positions in all three supply modes: Packaged Gases, Liquid Bulk, Tonnage
- Combination of highly complementary skills and strengths enables us to better serve the needs of customers
 - Air Products' leadership in tonnage, strong European and joint venture packaged gas positions
 - Airgas' leadership in U.S. packaged gases
 - Air Products' Engineering and Technology Skills
 - Timing is excellent
- Provides Air Products a highly efficient re-entry into U.S. packaged gas market
 - Air Products' global infrastructure enables more rapid Airgas international expansion
 - Leverages Air Products' supply chain and SAP capabilities
 - Significant synergies available
 - Substantial cost savings
 - Growth opportunities as economy recovers

Offer to Acquire Airgas

Airgas at a glance

7

Broad Coverage – 1,500 Sales Representatives

Source: Based on Airgas public disclosures

Revenue (FY2009) \$4.3B

Total CAGR (over last 5 years) 19%

Same Store Sales Growth 7%

Offer to Acquire Airgas
Combination creates significant value

8

A Company of Greater Capability

- Global presence & infrastructure
- Significant European packaged gas business
 - Gas application skills
 - Tonnage asset base
- Operations & Engineering skills
- SAP experience & infrastructure

Air Products Strengths

- Broad U.S. sales coverage
 - Packaged gas skills
 - Distribution expertise
- Acquisition sourcing & integration capabilities

Airgas Strengths

Increased Shareholder Value

- Lower costs
 - Increased growth
 - Greater cash generation
-

Offer to Acquire Airgas
A world leading integrated industrial gas company

9

Source: Based on Airgas public disclosures

Packaged

Gas

90%

Liquid/Bulk

10%

Pro-forma

Air Products

Pro-forma

Air Products

Airgas

Revenues

Airgas

Revenues

Air Products

Revenues

Air Products

Revenues

Liquid/Bulk

17%

Onsite

25%

Equipment

& Services

10%

Onsite/Pipeline

37%

Liquid/Bulk

24%

Equipment &

Services

14%

Packaged

Gas

11%

- One of the largest industrial gas companies in the world

- Largest industrial gas company in North America

- World-class competencies across all modes of supply

+

=

Specialty

Materials

14%

Spec

Mat'ls

9%

Packaged
Gas
39%

Offer to Acquire Airgas
Benefits of an integrated industrial gas company

10

Liquid/Bulk

Tonnage/Onsites

- Co-product economics

- Liquid back-up

- Sales coverage

- Product supply/outlet

- Broader scope of industries served

- Brand recognition

Cylinders

Bulk

Packaged Gases

Mode of Supply

Mode of Supply

Integration Benefit

Integration Benefit

Tonnage

Offer to Acquire Airgas
Enhances Air Products'
Multiple Growth Opportunities

11

- Hydrogen for refining
- Oxygen for gasification
- LNG heat exchangers

Energy

Environment

Emerging Markets

- Oxyfuel
 - Carbon capture
 - Multiple Gas Applications
 - Electronics across Asia
 - Equity Affiliate positions
 - Expanding Merchant
positions in Asia
-

Paul Huck
Air Products Senior Vice President and Chief Financial Officer

12

Offer to Acquire Airgas

- \$60.00 per share in cash
- 38% premium comparable to similar transactions
 - 10.5x multiple of EBITDA
- Immediate liquidity in an uncertain economic environment and removes any uncertainty with respect to future stock performance

13

Certain Value for Airgas Shareholders

Immediate

Shareholder Premium

Offer to Acquire Airgas

Financial details

- Transaction value (\$billions)
- Committed financing secured
- Maintain investment grade credit rating
 - Maintain dividend policy

14

Equity Purchase \$5.1

Assumption of debt \$1.9

Total Consideration \$7.0

Offer to Acquire Airgas

Key goals

15

- Transaction accretive in the first year
 - Solid shareholder value
 - Excludes transaction and integration costs
 - Synergies enable greater cash flow generation
 - Combination provides for significant margin benefits

Accretion/Dilution

EBITDA Margin

Offer to Acquire Airgas

16

Synergies

Infrastructure

Infrastructure

•Fully integrated ERP platform

Fully integrated ERP platform

•Shared Services

Shared Services

Supply Chain Efficiencies

Supply Chain Efficiencies

•Utilize Air Products' continuous improvement tools to
optimize supply chain

Utilize Air Products' continuous improvement tools to
optimize supply chain

•Procurement Benefits

Procurement Benefits

Growth through new offerings, density and international expansion

Cost savings run rate of \$250 million by end of year two

Overheads

Overheads

•Overlapping operations

Overlapping operations

•Streamlined management structure

Streamlined management structure

Offer to Acquire Airgas

17

Path Forward . . .

Air Products

committed to

completing the

transaction

Begin regulatory process

- Prepared to make appropriate divestitures

Proceed with tender offer if needed

- Financing committed

Litigation

Proxy Contest

- Commenced litigation in Delaware

- Proceed with proxy contest if needed

John McGlade
Air Products Chairman, President and CEO
18

Offer to Acquire Airgas

RESULTS

- Accretive to cash, GAAP EPS

Compelling transaction that delivers on our promises...

STABILITY

- Diversified across geographies and distribution channels with competitive positions in all three supply modes

- Maintain strong balance sheet/investment grade rating

GROWTH

- Highly efficient re-entry into U.S. packaged gas market
- Enhanced growth opportunities, domestic and international

Well-positioned for long-term value creation

Thank you
tell me more
20

www.airproducts.com/airgasoffer

* * *

ADDITIONAL INFORMATION

This communication does not constitute an offer to buy or solicitation of an offer to sell any securities. No tender offer for the shares of Airgas, Inc. (“Airgas”) has commenced at this time. In connection with the proposed transaction, Air Products and Chemicals, Inc. (“Air Products”) may file tender offer documents with the U.S. Securities and Exchange Commission (“SEC”). Any definitive tender offer documents will be mailed to stockholders of Airgas. **INVESTORS AND SECURITY HOLDERS OF AIRGAS ARE URGED TO READ THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by Air Products through the web site maintained by the SEC at <http://www.sec.gov>.

In connection with the proposed transaction, Air Products may file a proxy statement with the SEC. Any definitive proxy statement will be mailed to stockholders of Airgas. **INVESTORS AND SECURITY HOLDERS OF AIRGAS ARE URGED TO READ THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** Investors and security holders will be able to obtain free copies of these documents (if and when available) and other documents filed with the SEC by Air Products through the web site maintained by the SEC at <http://www.sec.gov>.

CERTAIN INFORMATION REGARDING PARTICIPANTS

Air Products and certain of its respective directors and executive officers may be deemed to be participants in the proposed transaction under the rules of the SEC. Security holders may obtain information regarding the names, affiliations and interests of Air Products’ directors and executive officers in Air Products’ Annual Report on Form 10-K for the year ended September 30, 2009, which was filed with the SEC on November 25, 2009, and its proxy statement for the 2010 Annual Meeting, which was filed with the SEC on December 10, 2009. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will also be included in any proxy statement and other relevant materials to be filed with the SEC when they become available.

FORWARD-LOOKING STATEMENTS

All statements included or incorporated by reference in this communication other than statements or characterizations of historical fact, are forward-looking statements. These forward-looking statements are based on our current expectations, estimates and projections about our business and industry, management’s beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as “anticipates”, “expects”, “intends”, “plans”, “predicts”, “believes”, “seeks”, “estimates”, “may”, “will”, “should”, “potential”, “continue”, “ongoing”, similar expressions, and variations or negatives of these words.

These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause our actual results to differ materially and adversely from those expressed in any

forward-looking statement. Important risk factors that could contribute to such differences or otherwise affect our business, results of operations and financial condition include the possibility that Air Products will not pursue a transaction with Airgas and the risk factors discussed in our Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings. The forward-looking statements in this release speak only as of the date of this filing. We undertake no obligation to revise or update publicly any forward-looking statement, except as required by law.