

AIRGAS INC  
Form DEFA14A  
July 21, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Airgas, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

Edgar Filing: AIRGAS INC - Form DEFA14A

x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 240.0-11 and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Earnings Teleconference  
Earnings Teleconference  
First Quarter Ended June 30, 2010  
First Quarter Ended June 30, 2010  
July 21, 2010  
July 21, 2010

1  
1

#### FORWARD-LOOKING STATEMENTS

This presentation contains statements that are forward looking.

Forward-looking statements include the statements identified as forward-looking in the

Company's press release announcing its quarterly earnings, as well as any statement that is not based on historical fact, including statements containing the words "believes,"

may,  
plans,  
will,  
could,  
should,  
estimates,  
continues,  
anticipates,  
intends,  
expects  
and similar

expressions. All forward-looking statements are based on current expectations regarding important risk factors and should not be construed as a representation by us or any other person that the results expressed therein will be achieved. Airgas assumes no obligation to update or revise its forward-looking statements for any reason, except as required by law. Important factors that could cause actual results to differ from those contained in any forward-looking statement include the factors identified in the Company's press release announcing its quarterly earnings and other factors described in the Company's reports, including its March 31, 2010 Form 10-K and other forms filed by the Company with the Securities and Exchange Commission. The Company notes that forward-looking statements made in connection with a tender offer are not subject to the anti-fraud provisions created by the Private Securities Litigation Reform Act of 1995.

The Company is not waiving any other defenses that may be available under applicable law.

#### ADDITIONAL INFORMATION

This press release does not constitute an offer to buy or solicitation of an offer to sell any securities. In response to the tender offer for Air Products Distribution, Inc., a wholly owned subsidiary of Air Products and Chemicals, Inc., Airgas has filed a solicitation/recording statement on Schedule 14D-9 with the U.S. Securities and Exchange Commission ("SEC"). **INVESTORS AND SECURITY HOLDERS OF AIRGAS ARE URGED TO REVIEW THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY BECAUSE THEY CONTAIN IMPORTANT INFORMATION.** Investors and security holders may obtain free copies of these documents and other documents filed with the SEC by Airgas through the website maintained by the SEC at <http://www.sec.gov>. Also, materials related to Air Products' Unsolicited Proposals are available in the Unsolicited Proposals section of the Company's website at [www.airgas.com](http://www.airgas.com), or through the following web address: <http://investor.shareholder.com/airgas>. In addition, Airgas has filed a preliminary proxy statement on Schedule 14A with the SEC on July 8, 2010 in connection with the 2010 Annual Meeting of Airgas stockholders. Airgas expects to file a definitive proxy statement with the SEC in connection with the 2010 annual meeting of Airgas stockholders and may file other proxy solicitation material in connection therewith. A copy of the proxy statement will be mailed to stockholders of Airgas. **INVESTORS AND SECURITY HOLDERS OF AIRGAS ARE URGED TO REVIEW THESE AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY CONTAIN IMPORTANT INFORMATION.** Investors and security holders will be able to obtain free copies of these documents (when available) and other documents filed with the SEC by Airgas through the web site maintained by the SEC at <http://www.sec.gov>.

#### CERTAIN INFORMATION REGARDING PARTICIPANTS

Airgas  
and  
certain  
of

its  
directors  
and  
executive  
officers  
may  
be  
deemed  
to  
be  
participants  
under  
the  
rules  
of  
the  
SEC.  
Security  
holders  
may  
obtain  
information  
regarding  
the  
names,  
affiliations  
and  
interests  
of  
Airgas'  
directors  
and  
executive  
officers  
in  
Airgas'  
Annual  
Report  
on  
Form  
10-K  
for  
the  
year  
ended March 31, 2010, which was filed with the SEC on May 27, 2010, and its proxy statement for the 2009 Annual Meeting,  
on  
July  
13,  
2009  
and

its  
preliminary  
proxy  
statement  
for  
the  
2010  
Annual  
Meeting,  
which  
was  
filed  
with  
the  
SEC  
on  
July  
8,  
2010.

To  
the  
extent  
holdings  
of Airgas securities have changed, such changes have been or will be reflected on Statements of Change in Ownership on Form

These  
documents  
can  
be  
obtained  
free  
of  
charge  
from  
the  
sources  
indicated  
above.

Additional  
information  
regarding  
the  
interests  
of  
these  
participants  
in  
any  
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 if and when they become available.



Strong performance as economy emerges from recession

1Q11 Adjusted EPS\* \$0.83

Second-best earnings quarter in Airgas history

Revenues not yet recovered to pre-recessionary levels

Same-store sales up +6% YoY

Daily sales improved +5% sequentially

Broad-based momentum, led by manufacturing

Strategic Accounts sales up 12%; now represent 20% of total sales

Adjusted Operating Margin\* 12.3% (up 130 bps YoY)

Strong operating leverage on sales growth

Raised FY11 Adj. EPS\* guidance by more than 7% to \$3.15 to \$3.30

Represents 21% to 27% growth before SAP costs

Free Cash Flow\* of \$113 million

Adjusted Debt\* reduction of \$83 million

Increased 2Q11 dividend by 14% to 25¢

First Quarter Recap

First Quarter Recap

2

2

\* See attached reconciliations of non-GAAP measures

3

3

Strategic Products Overview

Strategic Products Overview

1Q11: Broad-based increase in customer activity, most pronounced in manufacturing; continued strong existing customer penetration

Long-term: Strong cross-sell, customer base under-penetrated

1Q11: Sequential and YoY

improvement in industrial mfg, including steel, and

auto; continued strength in food-freezing

Long-term: Application growth, engineering solutions, sales force presence in the field

1Q11: Relatively resilient throughout downturn; slowing in elective and non-critical procedures more than offset by new customer signings

Long-term: Population demographics for respiratory therapy, full range of supply modes, strong cross-sell

1Q11: Sequential improvement due to normal seasonality of business

Long-term: Food product applications, beverage market

1Q11: Higher YoY

volumes; sequential improvement in demand for core spec gases, including EPA protocols

Long-term: Application growth, environmental regulations, enhanced capabilities

1Q11

1Q11

Organic

Organic

Growth

Growth

Strategic Products represent more than 40% of total sales and have strong growth profiles due to:

Favorable customer segments

Application development

Increasing environmental regulation

Strong cross-sell

**Quarterly**

Quarterly

Sales

Commentary

/

Long-Term

Growth

Accelerators

Strategic Products

Strategic Products

1Q11

1Q11

Organic

Organic

Growth

Growth

1Q11

1Q11

Seq. DSR

Seq. DSR

Growth

Growth

1Q11

1Q11

Seq. DSR

Seq. DSR

Growth

Growth

Total Strategic Products

Total Strategic Products

+9%

+9%

+7%

+7%

+6%

+6%

+5%

+5%

+15%

+15%

+8%

+8%

+4%

+4%

+8%

+8%

+3%

+3%

+3%

+3%

+3%

+3%

+5%

+5%

+7%

+7%

+19%

+19%

Safety Products

Safety Products

Bulk Gas

Bulk Gas

Medical Sales

Medical Sales

Specialty Gas

Specialty Gas

CO

CO

2

2

/Dry Ice

/Dry Ice

Total

Same-Store

Sales









Consolidated Results

Consolidated Results

4

4

\* See attached reconciliations of non-GAAP measures

Note: Certain reclassifications have been made to prior period financial statements to conform to the current presentation.

(\$ in millions, except per share amounts)

1Q11

4Q10

Seq. Var.

1Q10

YoY Var.

Sales

\$ 1,053

\$ 983

+7%

\$ 982

+7%

Gas & Rent Sales Mix

64.2%

63.8%

65.0%

Same-Store Sales

+6%

Price

+1%

Volume

+5%

Gas & Rent SSS

+5%

Hardgoods SSS

+8%

Acquired Sales Contribution

+1%

Gross Profit

\$ 578

\$ 535

\$ 543

Gross Margin

54.9%

54.4%

+ 50 bps

55.3%

-40 bps

Adjusted Operating Income\*

\$ 130

\$ 105

+24%

\$ 108

+20%

Adjusted Operating Margin\*

12.3%

10.7%

+ 160 bps

11.0%

+ 130 bps

EPS

\$ 0.76

\$ 0.47

+62%

\$ 0.66

+15%

Significant Charges Included in EPS:

Costs related to unsolicited takeover attempt

0.03

0.18

-

Loss on early extinguishment of debt

0.02

0.07

-

Multi-employer pension plan withdrawal

0.02

-

-

Income tax benefit

-

(0.03)

-

Adjusted EPS\*

\$ 0.83

\$ 0.69

+20%

\$ 0.66

+26%

Weighted Average Shares Outstanding

85.3

84.7

+1%

83.3

+2%

Return on Capital (LTM) \*

10.5%

10.0%

11.8%

Free Cash Flow \*

\$ 113

\$ 121

\$ 119

Adjusted Debt \*

\$ 1,721

\$ 1,805

\$ 1,981

Incremental  
selling day

Daily Sales Rate

+5% seq.





Segment Results

Segment Results

5

5

Distribution

(\$ in millions)

1Q11

4Q10

Seq. Var.

1Q10

YoY Var.

Sales

\$ 932

\$ 889

+5%

\$ 875

+7%

Gas & Rent Sales Mix

59.7%

60.1%

60.9%

Same-Store Sales

+5%

Price

+1%

Volume

+4%

Gas & Rent SSS

+3%

Hardgoods SSS

+8%

Gross Profit

\$ 517

\$ 491

\$ 490

Gross Margin

55.5%

55.3%

+ 20 bps

56.1%

-60 bps

Adjusted Operating Income\*

\$ 107

\$ 100

+7%

\$ 90

+19%

Adjusted Operating Margin\*

11.5%

11.2%

+ 30 bps

10.3%

+ 120 bps

All Other Operations

(\$ in millions)

1Q11

4Q10

Seq. Var.

1Q10

YoY Var.

Sales

\$ 128

\$ 100

+28%

\$ 113

+14%

Same-Store Sales

+13%

Gross Margin

46.9%

43.3%

+ 360 bps

46.7%

+ 20 bps

Operating Income

\$ 23

\$ 5

+317%

\$ 18

+25%

Operating Margin

17.7%

5.4%

+ 1230 bps

16.1%

+ 160 bps

Incremental

selling day

Daily Sales Rate

+3% seq.

\* See attached reconciliations of non-GAAP measures

Note: Certain reclassifications have been made to prior period financial statements to conform to the current presentation.





6  
6  
(\$ in millions)  
1Q11  
1Q10

Cylinders and Bulk Tanks

\$ 19

\$ 16

Machinery and Equipment

13

14

Computers

1

2

Rental Welders

-

-

Construction-in-Process, Buildings & Land

22

27

Other ^

6

8

TOTAL

\$ 61

\$ 67

% of Sales

5.8%

6.9%

^ Includes Vehicles, Furniture & Fixtures and other items not specifically identified.

Capital Expenditures

Capital Expenditures

Guidance

Assumptions

Tax rate 38%-39%

Includes SAP implementation costs

Includes acquisitions closed through 7/20/10

Does not incorporate the impact of debt extinguishment or multi-employer pension plan withdrawal charges, if any, or future costs related to unsolicited takeover attempt

7

7

2Q11 & FY11 Guidance Summary

2Q11 & FY11 Guidance Summary

2Q11

FY11 (Updated)

Adjusted EPS

\$0.78 to \$0.82

\$3.15 to \$3.30

YoY

% Growth

+15% to +21%

+18% to +23%

SAP implementation costs  
included in guidance

\$0.03

\$0.10

YoY

% Growth ex-

SAP costs

+19% to +25%

+21% to +27%

Operating Margin

12.0% to 12.5%

Capex

~5.5% of Sales

Same-Store Sales Growth

High

Single Digits

Mid to High

Single Digits

Ahead of schedule on mid-term earnings goal

Ahead of schedule on mid-term earnings goal

of \$4.20+ per share in calendar 2012

of \$4.20+ per share in calendar 2012

8

8

Path to 2Q11 & FY11 EPS Guidance

Path to 2Q11 & FY11 EPS Guidance

1Q11 Adjusted EPS\*

\$0.83

Refrigerants &

Rental Welder Business

SAP Implementation

(0.01)

Sales Growth / Price Increase

Improving Economy

Operating Efficiencies

EPS Guidance

\$0.78 - \$0.82

(0.05)

0.01 - 0.05

(+1% to +6%)

2Q11

\* See attached reconciliations of non-GAAP measures

FY10 Adjusted EPS\*

\$2.68

Variable Compensation Reset

(Bonus/Commissions)

SAP Implementation

(0.10)

Tax Rate / Share Count

(0.06)

Sales Growth / Price Increase

Improving Economy

Operating Efficiencies

Adjusted EPS\* Guidance

\$3.15 - \$3.30

0.73 - 0.88

(+27% to +33%)

FY11 (Updated)

(0.10)

9

9

Post-Recession EPS Growth

Post-Recession EPS Growth

\* See attached reconciliations of non-GAAP measures

Note: CAGR

= Compound Annual Growth Rate

\$4.20+

(CY12 Goal)

\$2.67\*



\$1.53

\$0.94

16% CAGR

18% CAGR

FY11

FY11

Guidance\*

Guidance\*

(Updated)

(Updated)

\$3.30

\$3.15

EPS

Adj. EPS\*

10  
10  
10  
10

Significant Upside Remains  
Significant Upside Remains  
for Airgas Shareholders  
for Airgas Shareholders

Acquisition opportunities still abundant in a highly-fragmented industry  
considerable leverage to our premier distribution infrastructure

Sales & marketing alignment by customer segment only recently  
expanded  
to  
all  
target  
segments

tremendous leverage to fast-growing  
Strategic Accounts program

Customer-centric operating culture will enhance cross-sell opportunities  
for an already compelling product and service offering

Strategic Products growth will continue to outperform the core business  
during the economic recovery

SAP platform to unlock significant yet-to-be-quantified incremental  
benefits  
provide upside to our mid-term financial targets

Agility  
to  
identify  
and  
quickly  
integrate  
adjacencies

opportunities  
for  
additional adjacencies

Non-GAAP Reconciliations:

Non-GAAP Reconciliations:

Adjusted Operating Income & Adjusted Operating Margin

Adjusted Operating Income & Adjusted Operating Margin

11

11

Consolidated Airgas

June 30,

March 31,

June 30,

(Dollars in thousands)

2010

2010

2009

Net sales  
 1,052,656  
 \$  
 983,308  
 \$  
 981,991  
 \$  
 Operating income  
 122,751  
 \$  
 81,883  
 \$  
 107,909  
 \$  
 Operating margin  
 11.7%  
 8.3%  
 11.0%  
 Plus:  
 Costs related to unsolicited  
 takeover attempt  
 3,787  
 23,435  
 -  
 Multi-employer pension plan  
 withdrawal charges  
 3,204  
 -  
 -  
 Adjusted operating income  
 129,742  
 \$  
 105,318  
 \$  
 107,909  
 \$  
 Adjusted operating margin  
 12.3%  
 10.7%  
 11.0%  
 Distribution Segment  
 June 30,  
 March 31,  
 December 31,  
 September 30,  
 June 30,  
 (Dollars in thousands)  
 2010  
 2010  
 2009

2009  
 2009  
 Net sales  
 931,840  
 \$  
 889,139  
 \$  
 854,476  
 \$  
 860,267  
 \$  
 874,592  
 \$  
 Operating income  
 \$ 103,844  
 99,875  
 \$  
 89,306  
 \$  
 92,388  
 \$  
 89,749  
 \$  
 Operating margin  
 11.1%  
 11.2%  
 10.5%  
 10.7%  
 10.3%  
 Plus:  
 Multi-employer pension plan  
 withdrawal charges  
 3,204  
 -  
 4,950  
 1,700  
 -  
 Adjusted operating income  
 107,048  
 \$  
 99,875  
 \$  
 94,256  
 \$  
 94,088  
 \$  
 89,749  
 \$  
 Adjusted operating margin  
 11.5%

11.2%

11.0%

10.9%

10.3%

Three Months Ended

Three Months Ended

The Company believes the above adjusted operating income and adjusted operating margin computations help investors assess performance without the impact of charges associated with the Company's withdrawal from multi-employer pension plans and unsolicited takeover attempt. Non-GAAP numbers should be read in conjunction with GAAP financial measures, as non-GAAP supplement to, and not a replacement for, GAAP financial measures. It should be noted as well that our adjusted operating income margin computations may be different from the adjusted operating income and adjusted operating margin computations provided. Certain reclassifications have been made to prior period financial statements to conform to the current presentation.

Non-GAAP Reconciliations:  
Non-GAAP Reconciliations:  
Adjusted Earnings Per Diluted Share  
Adjusted Earnings Per Diluted Share  
12  
12  
Quarterly  
June  
30,  
2010  
March  
31,  
2010

September  
 30,  
 2009  
 June  
 30,  
 2009  
 Earnings per diluted share  
 Adjustments to earnings per  
 diluted share:  
 Costs related to unsolicited  
 takeover attempt  
 0.03  
 0.18  
 -  
 -  
 Loss on debt extinguishment  
 0.02  
 0.07  
 0.02  
 -  
 Multi-employer  
 pension plan withdrawal charges  
 0.02  
 -  
 0.01  
 -  
 Non-recurring tax benefit  
 -  
 (0.03)  
 -  
 -  
 Adjusted earnings per diluted share  
 0.83  
 \$  
 0.69  
 \$  
 0.68  
 \$  
 0.66  
 \$  
 Three Months Ended  
 Annual  
 Year Ended  
 March  
 31,  
 2010  
 Low  
 YoY  
 Change  
 High



YoY  
 Change  
 Earnings per diluted share  
 Adjustments to earnings per  
 diluted share:  
 Costs related to unsolicited  
 takeover attempt  
 0.18  
 0.03  
 0.03  
 Loss on debt extinguishment  
 0.14  
 0.02  
 0.02  
 Multi-employer  
 pension plan withdrawal charges  
 0.05  
 0.02  
 0.02  
 Non-recurring tax benefit  
 (0.03)  
 -  
 -  
 Adjusted earnings per diluted share  
 2.68  
 \$  
 3.15  
 \$  
 18%  
 3.30  
 \$  
 23%  
 (Guidance Range)  
 Year Ended March 31, 2011  
 0.47  
 \$  
 0.65  
 \$  
 0.66  
 \$  
 2.34  
 \$  
 3.08  
 \$  
 3.23  
 \$  
 0.76

The Company believes that adjusted earnings per diluted share above provide investors meaningful insight into the Company's extinguishment charges, multi-employer pension plan withdrawal charges, and costs related to the unsolicited takeover attempt in conjunction with GAAP financial measures, as non-GAAP metrics are merely a supplement to, and not a replacement for, GAAP

well that our adjusted earnings per diluted share metric may be different from adjusted earnings per diluted share metrics provi

Non-GAAP Reconciliations:

Non-GAAP Reconciliations:

Adjusted

Adjusted

Earnings

Earnings

Per

Per

Diluted

Diluted

Share

Share

Calendar

Calendar

Year

Year

Basis

Basis

13

13

The Company believes that adjusted earnings per diluted share above provide investors meaningful insight into the Company's impact of debt extinguishment charges, multi-employer pension plan withdrawal charges, the settlement of material litigation, gains, fire losses, the costs of the BOC acquisition integration, employee separation costs, hurricane losses and losses from discontinued operations. Adjusted earnings per diluted share should be read in conjunction with GAAP financial measures, as non-GAAP metrics are merely a supplement to GAAP financial measures. It should be noted as well that our adjusted earnings per diluted share metric may be different from share metrics provided by other companies.

2009

2005

2004

2003

2002

Earnings per diluted share

2.55

\$

1.48

\$

1.18

\$

1.04

\$

0.82

\$

Adjustments:

Loss on debt extinguishment

0.07

-

-

-

-

Multi-employer pension plan withdrawal charges

0.05

-

-

-

-

Legal Settlement

-

-

-

-

0.08

Restructuring charge (recovery)

-

-

(0.01)

-

0.03

Insurance gain

-

-

-  
(0.02)  
-  
Fire Losses  
-  
-  
-  
0.02  
-  
Acquisition integration costs  
-  
0.01  
0.03  
-  
-  
Employee separation costs  
-  
0.01  
-  
-  
-  
Hurricane losses  
-  
0.02  
-  
-  
-  
Losses from discontinued operations  
-  
0.01  
-  
0.01  
0.01  
Adjusted earnings per diluted share  
2.67  
\$  
1.53  
\$  
1.20  
\$  
1.05  
\$  
0.94  
\$  
Calendar Year Ended December 31,

Non-GAAP Reconciliations:  
Non-GAAP Reconciliations:  
Adjusted Cash from Operations,  
Adjusted Cash from Operations,  
Adjusted Capital Expenditures & Free Cash Flow  
Adjusted Capital Expenditures & Free Cash Flow  
14  
14  
June 30,  
March 31,  
June 30,  
(Amounts in thousands)  
2010  
2010  
2009  
Net cash (used) provided by operating activities  
(129,679)  
\$  
188,312

\$  
162,259  
\$  
Adjustments to cash provided by operating activities:  
Cash used by the securitization of trade receivables  
295,000  
  
(27,100)  
  
15,900  
  
Stock issued for employee stock purchase plan  
3,580  
  
4,092  
  
3,888  
  
Tax benefit realized from the exercise of stock options  
1,952  
  
11,620  
  
1,334  
  
Adjusted cash from operations  
170,853  
\$  
176,924  
\$  
183,381  
\$  
Capital expenditures  
(61,121)  
\$  
(61,154)  
\$  
(67,312)  
\$  
Adjustments to capital expenditures:  
Proceeds from sales of plant & equipment  
3,338  
  
5,577  
  
2,510  
  
Adjusted capital expenditures  
(57,783)  
\$

(55,577)

\$

(64,802)

\$

Free Cash Flow

113,070

\$

121,347

\$

118,579

\$

Three Months Ended

The Company believes that free cash flow and adjusted cash from operations provide investors meaningful insight into the Company's cash from operations, which is available for servicing debt obligations and for the execution of its business strategy, including the payment of dividends, or to support other investing and financing activities. Non-GAAP numbers should be read in conjunction with GAAP financial measures, as non-GAAP metrics are merely a supplement to, and not a replacement for, GAAP financial measures. Our free cash flow and adjusted cash from operations metrics may be different from free cash flow and adjusted cash from operations of other companies.



Non-GAAP Reconciliations:

Non-GAAP Reconciliations:

Return on Capital & Adjusted Debt

Return on Capital & Adjusted Debt

15

15

The Company believes this return on capital computation helps investors assess how effectively the Company uses the capital. Our management uses return on capital as one of the metrics for determining employee compensation. Non-GAAP numbers should be used in conjunction with GAAP financial measures, as non-GAAP metrics are merely a supplement to, and not a replacement for, GAAP financial information, as well that our return on capital computation information may be different from the return on capital computations provided by other companies.

(In thousands)

June 30, 2010

March 31, 2010

June 30, 2009

Adjusted operating Income - Trailing Four Quarters

451,496

\$

429,683

\$

497,922

\$

Five Quarter Average of Total Assets

4,507,863

\$

4,428,239

\$

4,320,704

\$

Five Quarter Average of Securitized Trade Receivables

217,577

288,500

337,380

Five Quarter Average of Current Liabilities (exclusive of debt)

(425,637)

(419,959)

(444,625)

Five Quarter Average Capital Employed

4,299,803

\$

4,296,780

\$

4,213,459

\$

Return on Capital

10.5%

10.0%

11.8%

(In thousands)

June 30, 2010

March 31, 2010

June 30, 2009

Current portion of long-term debt

9,589

\$

10,255

\$  
 11,033  
 \$  
 Long-term debt, excluding current portion  
 1,711,630  
  
 1,499,384  
  
 1,675,194  
  
 Net debt  
 1,721,219  
  
 1,509,639  
  
 1,686,227  
  
 Securitization of trade receivables  
 -  
 295,000  
  
 295,000  
  
 Adjusted debt  
 1,721,219  
 \$  
 1,804,639  
 \$  
 1,981,227  
 \$

Prior to April 1, 2010, the Company used adjusted debt to provide investors with a more meaningful measure of the Company for funds received under the trade receivables securitization program, the outstanding amounts of which were previously not re balance sheet. On April 1, 2010, the Company adopted new accounting guidance which affected the presentation of its trade re program. Under the new guidance, proceeds received under the securitization are treated as secured borrowings, and therefore balances sheet. Previously, they were treated as proceeds from the sale of trade receivables.