AIRGAS INC
Form 424B2
June 01, 2011
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CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
2.950% Notes due 2016	$249,650,000	$28,984.37

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933 (the Securities Act).

As filed pursuant to Rule 424(b)(2)

Registration No. 333-167140

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Prospectus Supplement

(To prospectus dated May 27, 2010)

$250,000,000

2.950% Notes due 2016

We are offering $250,000,000 principal amount of 2.950% notes due 2016 (the notes). We will pay interest on the notes on June 15 and December 15 of each year, beginning December 15, 2011. The notes will mature on June 15, 2016. The notes will be issued only in denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

We may redeem the notes, in whole or in part, at any time and from time to time prior to their maturity at the redemption prices as described under Description of the Notes Optional Redemption. If we experience a change of control triggering event, we may be required to purchase the notes from holders at the applicable price as described under Description of the Notes Change of Control Triggering Event.

The notes will be general unsecured senior obligations and rank equally with all of our other unsecured unsubordinated indebtedness from time to time outstanding.

Investing in the notes involves risks. See Risk Factors beginning on page S-8 for a discussion of certain risks that you should consider in connection with an investment in the notes.

	Per Note	Total
Public offering price(1)	99.860%	$ 249,650,000
Underwriting discount	0.600%	$ 1,500,000
Proceeds, before expenses, to us(1)	99.260%	$ 248,150,000

(1) Plus accrued interest from June 3, 2011, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear and Clearstream, on or about June 3, 2011.

Joint Book-Running Managers

BofA Merrill Lynch **Goldman, Sachs & Co.** **Wells Fargo Securities**

Lead Managers

SunTrust Robinson Humphrey **US Bancorp**

Co-Managers

Credit Agricole CIB **SMBC Nikko**

Mitsubishi UFJ Securities

Mizuho Securities

PNC Capital Markets LLC

HSBC

RBS

Santander

The date of this prospectus supplement is May 31, 2011

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Prospectus Supplement

Prospectus

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part, the accompanying prospectus dated May 27, 2010, gives more general information, some of which may not apply to this offering.

This prospectus supplement and the information incorporated by reference in this prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in Where You Can Find More Information in the accompanying prospectus.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriters or any one of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See Underwriting.

In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to we, us, our and Company refer to Airgas, Inc. and, in some instances, its consolidated subsidiaries. If we use a capitalized term in this prospectus supplement and do not define the term in this document, it is defined in the accompanying prospectus.

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Commission allows us to incorporate by reference information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed separately with the Commission. The information incorporated by reference is considered to be a part of this prospectus supplement, except for any information that is superseded by information that is included directly in this document.

This prospectus supplement incorporates by reference the documents listed below that we have previously filed with the Commission. They contain important information about us.

Company SEC Filings	Period
Annual Report on Form 10-K	Year ended March 31, 2011
Current Reports on Form 8-K	As filed on May 5, 2011 (relating to the announcement of our new stock repurchase program) and May 25, 2011 (Item 5.02 only)
Definitive Proxy Statement on Schedule 14A	As filed on July 23, 2010, but only to the extent that such information was incorporated by reference into our Annual Report on Form 10-K for the year ended March 31, 2010

We incorporate by reference additional documents that we may file with the Commission between the date of this prospectus supplement and the termination or completion of the offering of the debt securities. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements. Any report, document, or portion thereof that is furnished to, but not filed with, the Commission is not incorporated by reference. The information contained on our website (www.airgas.com) is not incorporated into this prospectus supplement.

You can obtain any of the documents incorporated by reference in this document through us, or from the Commission through the Commission s website at www.sec.gov. Documents incorporated by reference are available from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference as an exhibit to that document. You can obtain from us the documents incorporated by reference in this prospectus supplement by requesting them in writing or by telephone at the following address:

General Counsel s Office

Airgas, Inc.

259 North Radnor-Chester Rd.

Radnor, PA 19087-5283

(610) 687-5253

If you request any incorporated documents from us, we will mail them to you by first class mail, or other means, promptly after we receive your request.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain certain estimates, predictions, and other forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act)). Forward-looking statements are generally identified with the words believe, expect, anticipate, intend, estimate, target, may, will, would, plan, project, should, continue or the negative thereof or other similar expressions, or discussi goals or aspirations, which are predictions of or indicate future events and trends and which do not relate to historical matters. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain statements that are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding: the Company s intention to negotiate its withdrawal from the multi-employer defined benefit pension plans (MEPPs) provided for in three remaining collective bargaining agreements that provide for such plans in fiscal 2012 and the Company s estimate of $5 million in withdrawal liabilities to be incurred upon successful negotiation of all remaining plans; the Company s plan to complete its phased, multi-year rollout of the SAP platform by the end of the third quarter of fiscal 2013; the benefits to be derived from the SAP implementation, including the Company s estimate of an aggregate of $75 million to $125 million in incremental operating income on an annual run-rate basis upon full implementation; the Company s expectation to be at the run-rate of the mid-point of the target operating income benefit range by December 2013; the Company s expectation of earnings of $0.82 to $0.87 per diluted share for the first quarter ending June 30, 2011 and earnings per diluted share of $3.58 to $3.73 for fiscal 2012, including restructuring charges and implementation costs and depreciation expense associated with its SAP implementation and excluding any potential MEPP withdrawal charges; the Company s belief as to the benefits to be derived from the reorganization of its divisional structure into four business support centers; the Company s expectation as to the long-term growth profiles of its strategic products; the Company s expectation that it can mitigate the financial impact of calcium carbide supply constraints; the Company s expectation that its overall effective tax rate for fiscal 2012 will range from 38.0% to 39.0% of pre-tax earnings; the Company s belief that it has sufficient liquidity from cash from operations and under its revolving credit facilities to meet its working capital, capital expenditure and other financial commitments; the Company s belief that it can obtain financing on reasonable terms; the Company s future dividend declarations; the Company s ability to manage its exposure to interest rate risk through the use of interest rate derivatives; the performance of counterparties under interest rate derivative agreements; the Company s expectation as to the amount of losses to be reclassified from accumulated other comprehensive income into earnings within the next twelve months; the estimate of future interest payments on the Company s long-term debt obligations; the estimate of future receipts under interest rate swap agreements; and the Company s exposure to foreign currency exchange fluctuations.

These forward-looking statements involve risks and uncertainties. Important factors that could cause actual results to differ materially from those predicted in any forward-looking statement include, but are not limited to: the Company s inability to meet its earnings estimates resulting from lower sales, decreased selling prices, higher product costs and/or higher operating expenses than that forecasted by the Company; weakening of the economy resulting in weakening demand for the Company s products; weakening operating and financial performance of the Company s customers, which can negatively impact the Company s sales and the Company s ability to collect its accounts receivable; changes in the environmental regulations that affect the Company s sales of specialty gases; higher or lower overall tax rates in fiscal 2012 than that estimated by the Company resulting from changes in tax laws, changes in reserves and other estimates; increases in debt in future periods and the impact on the Company s ability to pay and/or grow its dividend as a result of loan covenant and other restrictions; a decline in demand from markets served by the Company; adverse customer response to the Company s strategic product sales initiatives; a lack of cross-selling opportunities for the Company s strategic products; a lack of specialty gas sales growth due to a downturn in certain markets; the negative effect of an economic downturn on strategic product sales and margins; the inability of strategic products to diversify against cyclicality; supply shortages of certain gases and the resulting inability of the Company to meet customer gas

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requirements; customers acceptance of current prices and of future price increases; adverse changes in customer buying patterns; a rise in product costs and/or operating expenses at a rate faster than the Company s ability to increase prices; higher or lower capital expenditures than that estimated by the Company; limitations on the Company s borrowing capacity dictated by its existing revolving credit facility (the Credit Facility); fluctuations in interest rates; the Company s ability to continue to access credit markets on satisfactory terms; the impact of tightened credit markets on the Company s customers; the extent and duration of current economic trends in the U.S. economy; higher than expected implementation costs of the SAP system and the reorganization of the Company s divisional structure; conversion problems related to the SAP system that disrupt the Company s business and negatively impact customer relationships; the inability to retain employees to be affected by the reorganization prior to its completion; the impact on the Company s operations of the explosion at a key calcium carbide supplier and the resulting shortage of calcium carbide; the Company s ability to successfully identify, consummate and integrate acquisitions to achieve anticipated acquisition synergies; the Company s success in continuing its cost reduction program; the inability to manage interest rate exposure; higher interest expense than that estimated by the Company due to changes in debt levels or increases in the London Interbank Offered Rate (LIBOR); unanticipated non-performance by counterparties related to interest rate derivatives; the effects of competition on products, pricing and sales growth; changes in product prices from gas producers and name-brand manufacturers and suppliers of hardgoods; changes in customer demand resulting in the inability to meet minimum product purchases under long-term supply agreements and the inability to negotiate alternative supply arrangements; costs associated with the construction of an air separation unit in Clarksville, Tennessee; the impact of new environmental, healthcare, tax, accounting and other regulation; continued potential liability under the Multiemployer Pension Plan Amendments Act of 1980 with respect to the Company s participation in or withdrawal from MEPPs for union employees of the Company; the effect of catastrophic events and political and economic uncertainties associated with current world events; and the effects of, and changes in, the economic, monetary, tax and fiscal policies, laws and regulations, inflation and monetary fluctuations, both on a national and international basis. The Company does not undertake to update any forward-looking statement made herein or that may be made from time to time by or on behalf of the Company.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us. It may not contain all of the information that may be important to you in deciding whether to invest in the notes. You should read this entire prospectus supplement and the accompanying prospectus, including our consolidated financial statements and related notes, together with the information incorporated by reference, before making an investment decision. Our fiscal year ends on March 31 and whenever we refer to any of our fiscal years, we refer to the twelve-month period ending March 31 of such year.

Our Company

We are the largest U.S. distributor of industrial, medical and specialty gases (delivered in packaged or cylinder form), and hardgoods, such as welding equipment and supplies. We are also one of the largest U.S. distributors of safety products, the largest U.S. producer of nitrous oxide and dry ice, the largest liquid carbon dioxide producer in the Southeast and a leading distributor of process chemicals, refrigerants and ammonia products. During the fiscal year ended March 31, 2011, we had net sales of $4.25 billion and credit serviceable EBITDA of $742.6 million. We provide a reconciliation of credit serviceable EBITDA to its closest GAAP counterpart in Summary Historical Financial Data.

With sales to a wide variety of industry segments and no single customer accounting for more than approximately 0.5% of sales, our revenues are not dependent on a single or small group of customers or industry segments. We market our products to this diversified customer base through an integrated network of more than 14,000 employees and approximately 1,100 locations including branches, retail stores, packaged gas fill plants, specialty gas labs, production facilities and distribution centers. We also distribute our products and services through retail stores, strategic customer account programs, telesales, catalogs, e-business as well as independent distributors. Our national scale and strong local presence offer a competitive edge to our diversified customer base.

We have two reportable business segments, Distribution and All Other Operations. The Distribution business segment accounted for approximately 90% of consolidated sales for the fiscal year ended March 31, 2011. The Distribution business segment s principal products include industrial, medical and specialty gases sold in packaged and bulk quantities, as well as hardgoods. Our air separation facilities and national specialty gas labs primarily produce gases that are sold by the Distribution business segment s business units. Gas sales include nitrogen, oxygen, argon, helium, hydrogen, welding and fuel gases such as acetylene, propylene and propane, carbon dioxide, nitrous oxide, ultra high purity grades, special application blends and process chemicals. Business units in the Distribution business segment also recognize rental revenue, derived from gas cylinders, cryogenic liquid containers, bulk storage tanks, tube trailers and welding and welding related equipment. Gas and rent represented 60% of the Distribution business segment s sales in fiscal year 2011. Hardgoods consist of welding consumables and equipment, safety products, construction supplies, and maintenance, repair and operating supplies. Hardgoods sales represented 40% of the Distribution business segment s sales in fiscal year 2011.

The All Other Operations business segment consists of six business units. The primary products manufactured and/or distributed by the All Other Operations business segment are carbon dioxide, dry ice (solid form of carbon dioxide), nitrous oxide, ammonia and refrigerant gases. The All Other Operations business segment accounted for 10% of our consolidated sales for the fiscal year ended March 31, 2011.

We operate in 48 U.S. states, Canada and to a lesser extent Mexico, Russia, Dubai and Europe. Our Distribution business segment operates a network of multiple use facilities consisting of more than 875 branches, approximately 300 cylinder fill plants, 61 regional specialty gas laboratories, nine national specialty gas laboratories, one medical equipment facility, one research and development center, one specialty gas equipment center, 16 acetylene plants and 15 air separation units, as well as six national hardgoods distribution centers, various customer call centers, buying centers and administrative offices. Our All Other Operations business segment consists of businesses, located throughout the United States, which operate multiple use facilities consisting of approximately 75 branch/distribution locations, six liquid carbon dioxide and 11 dry ice production facilities, and four nitrous oxide production facilities.

Our industry has three principal modes of gas distribution: on-site or pipeline supply, bulk or merchant supply, and cylinder or packaged supply. Our market focus has primarily been on packaged gas distribution, supplying customers with gases in cylinders and in less than truck-load bulk quantities. Generally, packaged gas distributors also sell welding hardgoods. We believe the U.S. market for packaged gases and welding hardgoods to be approximately $13 billion in annual revenues.

Recent Developments

Stock Repurchase Program

On May 5, 2011, we announced a program to repurchase up to $300 million of our outstanding shares of common stock. As of May 4, 2011, we had approximately 79.8 million common shares outstanding. We may repurchase shares from time to time for cash in open market transactions or in privately-negotiated transactions in accordance with applicable federal securities laws. We will determine the timing and the amount of any repurchases based on our evaluation of market conditions, share price and other factors. The stock repurchase program will be funded under our Credit Facility, has no pre-established closing date, and may be suspended or discontinued at any time. See Use of Proceeds.

Our Strategy

Our primary objective is to maximize shareholder value by driving market-leading sales growth through core and strategic product offerings that leverage our infrastructure and customer base, by pursuing acquisitions in our core business and in adjacent businesses, by providing outstanding customer service and by improving operational efficiencies. To meet this objective, we are focusing on:

- a new customer-centric sales and marketing alignment that provides leadership and strategic support throughout all sales channels, particularly the strategic accounts program, allowing us to leverage our unique combination of products, application technology and service, as well as our unrivaled national footprint;
- strategic product offerings with strong growth profiles due to favorable customer segments, application development, increasing environmental regulation, strong cross-selling opportunities, or a combination thereof (e.g., bulk gases, specialty gases, medical products, carbon dioxide, dry ice and safety products);
- enhanced training, tools and resources for all associates, including installing a new enterprise information system;
- reducing costs associated with production, cylinder maintenance and distribution logistics; and
- acquisitions to complement and expand our business and to leverage our significant national platform.

Corporate Information

Our executive offices are located at 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087-5283, and our telephone number is (610) 687-5253. Our common stock is listed under the symbol ARG on the New York Stock Exchange.

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The Offering

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the notes, see the section entitled Description of the Notes.

Issuer	Airgas, Inc.
Notes Offered	We are offering $250 million aggregate principal amount of 2.950% notes due 2016.
Maturity	The notes will mature on June 15, 2016.
Further Issuances	We may create and issue additional notes ranking equally and ratably with the notes in all respects, so that such additional notes shall be consolidated and form a single series with the notes, including for purposes of voting and redemptions.
Interest	The notes will bear interest at 2.950% per year.
Interest Payment Dates	June 15 and December 15 of each year, commencing December 15, 2011.
Ranking	The notes:
	are unsecured;
	rank equally with all our existing and future unsecured and unsubordinated debt;
	are senior to any future subordinated debt;
	are effectively subordinated to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness; and
	are structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.
	As of March 31, 2011, after giving effect to this offering, borrowings under our Credit Facility and the use of proceeds therefrom, we had indebtedness of approximately $1.85 billion (excluding intercompany liabilities) and $1.3 billion of this indebtedness ranks equally with the notes. In addition, as of March 31, 2011, our subsidiaries had

	approximately $1.6 billion of liabilities (excluding intercompany liabilities), which are structurally senior to the notes (of which $57 million consisted of debt for borrowed money and $295 million reflected indebtedness under our trade receivables securitization facility).
Optional Redemption	We may redeem, at our option, at any time and from time to time prior to maturity, any or all of the notes, in whole or in part as described in the section entitled Description of the Notes Optional Redemption.

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Change of Control Triggering Event	Upon a Change of Control Triggering Event (as defined in Description of the Notes Change of Control Triggering Event), you will have the right to require us to repurchase your notes at a repurchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest.
Covenants	The indenture under which the notes will be issued contains covenants for your benefit. These covenants restrict our ability, with certain exceptions, to: incur liens; engage in sale/leaseback transactions; and merge or consolidate with another entity.
Use of Proceeds	We anticipate that we will receive approximately $247.6 million in net proceeds from the offering of the notes, after deducting underwriting discounts and commissions and other estimated expenses of the offering. We intend to use the net proceeds from the sale of the notes for general corporate purposes, including to fund acquisitions, to repay indebtedness under our Credit Facility and to repurchase shares pursuant to our stock repurchase program. Initially, we expect to use the net proceeds to repay indebtedness under our Credit Facility.
Conflicts of Interest	Affiliates of each of the underwriters are lenders under our Credit Facility. Because the net proceeds from the offering of the notes will be used to repay indebtedness under our Credit Facility, we expect that more than 5% of the net proceeds will be directed to one or more of such underwriters (or their affiliates), which would be considered a conflict of interest under Financial Regulatory Authority, Inc. (FINRA) Rule 5121. As such, this offering is being conducted in accordance with FINRA Rule 5121. For a brief description of our Credit Facility and our relationships with certain underwriters, see Description of Other Obligations and Conflicts of Interest.
Risk Factors	See Risk Factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before investing in the notes.

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Summary Historical Financial Data

We derived the summary consolidated historical financial data shown below from our historical consolidated financial statements. The consolidated historical financial data as of March 31, 2010 and 2011 and for the years ended March 31, 2009, 2010 and 2011 are derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. You should read these summary consolidated historical financial data together with Management s Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended March 31, 2011, which is incorporated by reference herein.

	Year Ended March 31,		
	2011	2010	2009
	(in thousands)		
Statement of Earnings Data:			
Net sales	$ 4,251,467	$ 3,875,153	$ 4,361,479
Cost of products sold (excluding depreciation expense)	1,914,090	1,727,866	2,039,888
Selling, distribution and administrative expenses	1,574,072	1,489,305	1,575,928
Costs related to unsolicited takeover attempt	44,406	23,435	
Depreciation	225,383	212,718	198,033
Amortization	25,135	22,231	22,762
Operating income	468,381	399,598	524,868
Interest expense, net	(60,054)	(63,310)	(84,395)
Discount on securitization of trade receivables		(5,651)	(10,738)
Losses on the extinguishment of debt	(4,162)	(17,869)	
Other income (expense), net	1,958	1,332	(382)
Earnings before income taxes	406,123	314,100	429,353
Income taxes	(156,357)	(117,800)	(168,265)
Net earnings	$ 249,766	$ 196,300	$ 261,088
Cash Flow Statement Data:			
Capital expenditures	$ (256,030)	$ (252,828)	$ (351,912)
Net cash provided by operating activities	275,301	600,047	582,767
Net cash used in investing activities	(261,767)	(322,281)	(609,924)
Net cash (used in) provided by financing activities	(3,317)	(277,953)	31,297

	As of March 31,	
	2011	2010
	(in thousands)	
Balance Sheet Data:		
Plant and equipment, net	$ 2,455,758	$ 2,427,996
Total assets	4,935,881	4,495,932
Current portion of long-term debt	9,868	10,255
Long-term debt, excluding current portion	1,842,994	1,499,384
Total debt	1,852,862	1,509,639
Total stockholders equity	1,734,882	1,795,544

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Reconciliation of Credit Serviceable EBITDA

We define credit serviceable EBITDA as operating income before stock-based compensation expense, depreciation and amortization. We believe credit serviceable EBITDA provides investors meaningful insight into our ability to generate cash from operations to support required working capital, capital expenditures, debt repayment and other financial obligations, as well as to fund future acquisitions. Credit serviceable EBITDA is not a measure of performance under GAAP, and our computation of credit serviceable EBITDA may vary from others in our industry. You should not consider credit serviceable EBITDA as an alternative to operating income or net income as a measure of our operating performance or to net cash provided by operating activities as a measure of our liquidity. Credit serviceable EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. For example, credit serviceable EBITDA:

- does not reflect our cash expenditures or requirements for capital expenditures or capital commitments;
- does not reflect changes in, or cash requirements for, our working capital needs; and
- does not reflect any costs related to the current or future replacement of assets being depreciated and amortized.

The following table provides a reconciliation of operating income to credit serviceable EBITDA to net cash provided by operating activities (in millions):

	Year Ended March 31, 2011	Year Ended March 31, 2010
Operating income	$ 468.4	$ 399.6
Add:		
Depreciation and amortization	250.5	234.9
Stock-based compensation expense	23.7	22.9
Credit serviceable EBITDA	$ 742.6	$ 657.4
Sources (uses) of cash excluded from credit serviceable EBITDA, included in net cash provided by operating activities:		
Interest expense, net	(60.1)	(63.3)
Discount on securitization of trade receivables[1]		(5.7)
Current income taxes	(87.0)	(51.6)
Other income, net	2.0	1.3
Loss on sale of PP&E	1.0	3.0
Cash (used in) provided by changes in assets and liabilities[1]	(323.2)	58.9
Net cash provided by operating activities	$ 275.3	$ 600.0

(1) On April 1, 2010, we adopted new accounting guidance which affected the presentation of our trade receivable securitization agreement. Under the new guidance, the amounts previously reflected as "Discount on securitization of trade receivables" are now reflected within "Interest expense, net." Additionally, the new accounting treatment resulted in the recognition of both the trade receivables securitized under the program and the borrowings they collateralize on the Consolidated Balance Sheet, which led to a $295 million increase in trade receivables and long-term debt. The impact of this accounting change on the Consolidated Statement of Cash Flows was to reflect the increase in trade receivables as cash used in operating activities of $295 million and the increase in long-term debt as cash provided by financing activities of $295 million.

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Ratio of Earnings to Fixed Charges

Set forth below is information concerning our ratio of earnings to fixed charges on a consolidated basis for the periods indicated. The ratio of earnings to fixed charges has been computed by dividing earnings available for fixed charges by fixed charges. For purposes of computing this ratio, earnings available for fixed charges principally consists of (i) earnings before income taxes and minority interest, plus (ii) fixed charges. Fixed charges principally consists of interest expense and the portion of rental expense that is representative of the interest factor.

	Year Ended March 31,				
	2011	**2010**	**2009**	**2008**	**2007**
Ratio of Earnings to Fixed Charges	5.10x	3.89x	4.18x	3.56x	3.36x

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RISK FACTORS

Any investment in the notes involves a high degree of risk. You should carefully consider the risks described below, as well as those discussed under Risk Factors in our Annual Report on Form 10-K for the year ended March 31, 2011, incorporated by reference herein, before making a decision to invest in the notes. Some of these factors relate principally to our business. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business and operations.

If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you may lose all or part of your original investment.

Risks Relating to Investment in the Notes

Investors may find it difficult to trade the notes.

The notes are a new issue of securities, and there is currently no public market for the notes. We do not intend to apply for listing of the notes on any securities exchange. Although the underwriters have informed us that they intend to make a market in the notes, they are under no obligation to do so and may discontinue any market making activities at any time without notice. Any such market making will be subject to the limitations imposed by the Securities Act and the Exchange Act.

We also cannot assure you that you will be able to sell your notes at a particular time or that the prices that you receive when you sell will be favorable. We also cannot assure you as to the level of liquidity of the trading market for the notes. Future trading prices of the notes will depend on many factors, including:

- our operating performance, prospects and financial condition or the operating performance, prospects and financial condition of companies in our industry generally;
- the interest of securities dealers in making a market for the notes; and
- the market for similar securities.

It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on the holders of the notes, regardless of our prospects and financial performance.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and the market price of our securities.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely increase our cost of financing, including resulting in an increase to the interest rate applicable to borrowings under our Credit Facility, limit our access to the capital markets and have an adverse effect on the market price of our securities.

We may not have sufficient funds to purchase the notes upon a change of control triggering event.

If there is a change of control triggering event under the terms of the indenture governing the notes, each holder of notes may require us to purchase all or a portion of their notes at a purchase price equal to 101% of the principal amount thereof, plus accrued interest to the date of purchase. In order to purchase any outstanding

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notes, we might have to refinance our outstanding indebtedness, which we might not be able to do. Even if we were able to refinance our other indebtedness, any financing might be on terms unfavorable to us. In addition, our Credit Facility provides that the occurrence of certain kinds of change of control events will constitute a default thereunder. We cannot assure you that we will have the financial ability to purchase outstanding notes upon the occurrence of a change of control. See Description of the Notes Change of Control Triggering Event.

The assets of our subsidiaries may not be available to make payments on the notes.

We are a holding company and our assets consist primarily of direct and indirect ownership interests in, and our business is conducted substantially through, our subsidiaries. We rely primarily on dividends or other distributions from our subsidiaries to meet our obligations for payment of principal and interest on our outstanding debt obligations and corporate expenses. Consequently, our ability to repay our debt, including the notes, depends on the earnings of our subsidiaries, as well as our ability to receive funds from our subsidiaries through dividends or other payments or distributions. The ability of our subsidiaries to pay dividends, repay intercompany debt or make other advances to us is subject to restrictions imposed by applicable laws (including bankruptcy laws), tax considerations and the terms of agreements governing our subsidiaries. Our foreign subsidiaries in particular may be subject to currency controls, repatriation restrictions, withholding obligations on payments to us and other limits. If we do not receive such funds from our subsidiaries, we may be unable to pay interest or principal on the notes when due.

In the event of a bankruptcy, liquidation or reorganization of any of our subsidiaries, holders of their indebtedness and other liabilities, including their trade creditors and other obligations, including any preferred stock, will be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As a result, the notes are effectively subordinated to all of the liabilities of our subsidiaries which, as of March 31, 2011, were approximately $1.6 billion (of which $57 million consisted of debt for borrowed money and $295 million reflected indebtedness under our trade receivables securitization facility).

The instruments governing our indebtedness do not limit our acquisitions and may allow us to incur additional indebtedness in relation to acquisitions.

We have historically expanded our business through acquisitions. A part of our business strategy is to continue to grow through acquisitions that complement and expand our distribution network. During fiscal 2011, we completed eight acquisitions. The indenture governing the notes, and the terms of our other indebtedness, do not limit the number or scale of acquisitions that we may complete. Because the consummation of acquisitions and integration of acquired businesses involves significant risk, this means that holders of the notes will be subject to the risks inherent in our acquisition strategy.

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USE OF PROCEEDS

We anticipate that we will receive approximately $247.6 million in net proceeds from the offering of the notes, after deducting underwriting discounts and commissions and other estimated expenses of the offering. We intend to use the net proceeds from the sale of the notes for general corporate purposes, including to fund acquisitions, to repay indebtedness under our Credit Facility and to repurchase shares pursuant to our stock repurchase program. Initially, we expect to use the net proceeds to repay indebtedness under our Credit Facility.

Our Credit Facility matures on September 13, 2014 and is comprised of a U.S. dollar revolving credit line and a multi-currency revolving credit line. The U.S. dollar revolving credit line bears interest at the London Interbank Offered Rate (LIBOR) plus an applicable margin. The multi-currency revolving credit line bears interest at the eurocurrency rate applicable to each foreign currency borrowing plus an applicable margin. At March 31, 2011, the applicable margin was equal to 2.125% per annum for both the U.S. dollar and multi-currency rate borrowings and the average effective interest rate was equal to 2.31% per annum for U.S. dollar revolver borrowings and 2.87% for multi-currency revolver borrowings. Each of the underwriters or their affiliates are lenders under the Credit Facility and, as such, will receive their pro rata share of the amounts used from the net proceeds of this offering to repay indebtedness under the Credit Facility. See Conflicts of Interest.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2011, and as adjusted to give effect to the sale of the notes in this offering and the use of the net proceeds therefrom, as described above under Use of Proceeds. You should read this table in conjunction with Use of Proceeds and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. The as adjusted information may not be reflective of our cash, debt and capitalization in the future.

Capitalization

	As of March 31, 2011	
	Actual	As Adjusted[1]
	($ in thousands)	
Cash	$ 57,218	$ 57,218
Debt (including current portion):		
Revolving credit borrowings[2]	$ 378,209	$ 130,659
Trade receivables securitization[3]	295,000	295,000
Money market loans		
Acquisition and other notes	9,864	9,864
Senior Notes due 2013[4]	300,000	300,000
Senior Notes due 2014[4]	400,000	400,000
Senior Notes due 2015[4]	250,000	250,000
Senior Notes due 2016 offered hereby[4]		250,000
Total senior debt	1,633,073	1,635,523
Senior Subordinated Notes due 2018[4]	215,446	215,446
Total debt	1,848,519	1,850,969
Total stockholders equity	1,734,882	1,734,882
Total capitalization	$ 3,583,401	$ 3,585,851

(1) As adjusted for this offering and the use of proceeds therefrom.
(2) As adjusted to give effect to this offering and the use of proceeds described herein, there would have been borrowings outstanding under our Credit Facility of $126.6 million and borrowings outstanding under our French revolving line of credit of 2.9 million (U.S. $4.1 million), which is outside of our Credit Facility. The totals described above do not include $41 million in outstanding letters of credit as of March 31, 2011.
(3) Reflects $295 million of receivables sold under our $295 million trade receivables securitization facility. Under the facility, trade receivables are sold to bank conduits through a bankruptcy-remote special purpose entity, which is consolidated for financial reporting purposes.
(4) Represents the outstanding principal amount thereof.

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DESCRIPTION OF OTHER OBLIGATIONS

Senior Credit Facility

On September 13, 2010, we entered into a four year $750 million revolving credit facility (the Credit Facility). The Credit Facility consists of a $650 million U.S. dollar revolving credit line, with a $65 million dollar letter of credit sublimit and a $50 million dollar swingline sublimit, and a $100 million (U.S. dollar equivalent) multi-currency revolving credit line. The maturity date of the revolving credit lines is September 13, 2014. Under circumstances described in the Credit Facility, the revolving credit line may be increased by an additional $325 million, provided that the multi-currency revolving credit line may not be increased by more than an additional $50 million.

The U.S. dollar revolving credit line and the multi-currency revolving credit line may bear interest at either a eurocurrency rate (the Eurocurrency Rate) plus an applicable margin or, in the case of U.S. dollar-denominated borrowings, a U.S. base rate (the U.S. Base Rate) plus an applicable margin. The Eurocurrency Rate is equal to the British Bankers Association LIBOR Rate and is subject to adjustment for reserve requirements and mandatory costs. The U.S. Base Rate is equal to the highest of (a) the Federal Funds Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America, N.A. as its prime rate and (c) the Eurocurrency Rate plus 1.0% per annum. The applicable margin is determined with reference to the credit rating of our non-credit enhanced, senior unsecured long-term debt. As of March 31, 2011, the U.S. dollar revolver borrowings bear interest at the Eurocurrency Rate plus 212.5 basis points. As of March 31, 2011, the multi-currency revolver bears interest based on a spread of 212.5 basis points over the Eurocurrency Rate plus mandatory costs applicable to each foreign currency borrowing. As of March 31, 2011, the average effective interest rates on the U.S. dollar revolver and the multi-currency revolver were 2.31% and 2.87%, respectively.

A commitment fee payable on the actual daily unused portion of the credit facility is determined with reference to the credit rating of our non-credit enhanced, senior unsecured long-term debt. As of March 31, 2011, the commitment fee was equal to 0.35% per annum. Swingline loans are not considered utilization of the credit facility for purposes of this calculation.

The Credit Facility contains customary affirmative and negative covenants, including a financial covenant whereby the ratio of funded indebtedness to consolidated EBITDA may be no greater than 3.5 to 1.0. The Credit Facility contains certain customary events of default, including, without limitation, failure to make payments, breaches of covenants, breaches of representations and warranties, certain monetary judgments and bankruptcy and ERISA events. The Credit Facility also contains cross-default provisions whereby a default under the senior and senior subordinated notes discussed below or the notes offered hereby would likely result in a default under the Credit Facility. In the event of default, repayment of borrowings under the Credit Facility may be accelerated.

As of March 31, 2011, the Company had $374 million of borrowings under the Credit Facility, including $331 million under the U.S. dollar revolver and $43 million under the multi-currency revolver. The Company also had outstanding letters of credit of $41 million issued under the Credit Facility.

The Company also maintains a committed revolving line of credit of up to 5 million (U.S. $7.1 million) to fund its expansion into France. These revolving credit borrowings are outside of the Credit Facility. At March 31, 2011, French revolving credit borrowings were 2.9 million (U.S. $4.1 million). The variable interest rates on the French revolving credit borrowings are based on the eurocurrency rate plus an applicable rate determined with reference to the credit rating of our non-credit enhanced, senior unsecured long-term debt. As of March 31, 2011, the effective interest rate on the French revolving credit borrowings was equal to 2.98% per annum.

Money Market Loans

The Company has an agreement with a financial institution that provides access to short-term advances not to exceed $35 million. The agreement expires on December 1, 2011, but may be extended subject to renewal

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provisions contained in the agreement. The advances are generally overnight or for up to seven days. The amount, term and interest rate of an advance are established through mutual agreement with the financial institution when the Company requests such an advance. At March 31, 2011, there were no advances outstanding under the agreement.

The Company also has an agreement with another financial institution that provides access to additional short-term advances not to exceed $35 million. The advances may be for one to six months with rates at a fixed spread over the corresponding LIBOR. At March 31, 2011, there were no advances outstanding under the agreement.

Senior Notes

At March 31, 2011, the Company had $250 million of 3.25% senior notes due October 1, 2015 (the 2015 Notes) outstanding. The 2015 Notes were issued at a discount and yield 3.283%. Interest on the 2015 Notes is payable semi-annually on April 1 and October 1 of each year. Additionally, the Company has the option to redeem the 2015 Notes prior to their maturity, in whole or in part, at 100% of the principal plus any accrued but unpaid interest and applicable make-whole payments.

At March 31, 2011, the Company had $400 million of 4.5% senior notes due September 15, 2014 (the 2014 Notes) outstanding. The 2014 Notes were issued at a discount and yield 4.527%. Interest on the 2014 Notes is payable semi-annually on March 15 and September 15 of each year. Additionally, the Company has the option to redeem the 2014 Notes prior to their maturity, in whole or in part, at 100% of the principal plus any accrued but unpaid interest and applicable make-whole payments.

At March 31, 2011, the Company had $300 million of 2.85% senior notes due October 1, 2013 (the 2013 Notes) outstanding. The 2013 Notes were issued at a discount and yield 2.871%. Interest on the 2013 Notes is payable semi-annually on April 1 and October 1 of each year. Additionally, the Company has the option to redeem the 2013 Notes prior to their maturity, in whole or in part, at 100% of the principal plus any accrued but unpaid interest and applicable make-whole payments.

The 2013, 2014 and 2015 Notes contain covenants that could restrict the incurrence of liens and limit sale and leaseback transactions.

Senior Subordinated Notes

At March 31, 2011, the Company had $215 million of 7.125% senior subordinated notes maturing October 1, 2018 (the 2018 Notes) outstanding. The 2018 Notes bear interest at a fixed annual rate of 7.125%, payable semi-annually on October 1 and April 1 of each year. The 2018 Notes have a redemption provision, which permits the Company, at its option, to call the 2018 Notes at scheduled dates and prices. The first scheduled optional redemption date is October 1, 2013 at a price of 103.563% of the principal amount.

Acquisition and Other Notes

Our long-term debt also includes acquisition and other notes, principally consisting of notes issued to sellers of businesses acquired, which are repayable in periodic installments. At March 31, 2011, acquisition and other notes totaled $9.9 million with an average interest rate of approximately 6% and an average maturity of approximately one year.

Trade Receivables Securitization

The Company participates in a receivables purchase agreement (the Securitization Agreement) with three commercial banks to which it sells qualifying trade receivables on a revolving basis. Effective April 1, 2010,

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under new accounting guidance, the Company s sale of qualified trade receivables is accounted for as a secured borrowing under which qualified trade receivables collateralize amounts borrowed from the commercial banks. Trade receivables that collateralize the Securitization Agreement are held in a bankruptcy-remote special purpose entity, which is consolidated for financial reporting purposes. Qualified trade receivables in the amount of the outstanding borrowing under the Securitization Agreement are not available to the general creditors of the Company. The maximum amount of the Securitization Agreement is $295 million and it bears interest at approximately LIBOR plus 80 basis points. At March 31, 2011, the amount of outstanding borrowing under the Securitization Agreement has been classified as long-term debt on the Consolidated Balance Sheet. Amounts borrowed under the Securitization Agreement could fluctuate monthly based on the Company s funding requirements and the level of qualified trade receivables available to collateralize the Securitization Agreement. The Securitization Agreement expires in March 2013 and contains customary events of termination, including standard cross default provisions with respect to outstanding debt. The amount of outstanding borrowing under the Securitization Agreement at March 31, 2011 was $295 million.

Interest Rate Derivatives

The Company manages its exposure to changes in market interest rates. The Company s involvement with derivative instruments is limited to (a) highly effective interest rate swap agreements used to manage well-defined interest rate risk exposures and (b) treasury rate lock agreements used to fix the interest rate related to forecasted debt issuances. At March 31, 2011, the Company was party to a total of five interest rate swap agreements with an aggregate notional amount of $300 million. These variable interest rate swaps effectively convert the Company s $300 million of fixed rate 2013 Notes to variable rate debt. At March 31, 2011, these swap agreements required the Company to make variable interest payments based on a weighted average forward rate of 2.17% and receive fixed interest payments from the counterparties based on a fixed rate of 2.85%. The maturity of these fair value swaps coincides with the maturity date of the 2013 Notes in October 2013.

During fiscal 2011, fixed interest rate swaps with an aggregate notional amount of $250 million matured and at March 31, 2011, the Company was not party to any fixed interest rate swap agreements.

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DESCRIPTION OF THE NOTES

Airgas will issue the notes under an Indenture, dated as of May 27, 2010, between itself and U.S. Bank National Association, as trustee, as supplemented by a supplemental indenture to be dated as of June 3, 2011 with respect to the notes, between Airgas and U.S. Bank National Association, as trustee (the Supplemental Indenture). As used in this section, all references to the Indenture mean the Indenture as supplemented by the Supplemental Indenture. The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939.

The following description is a summary of the material provisions of the Indenture and should be read in connection with the summary set forth under Description of the Debt Securities in the accompanying prospectus. It does not restate that agreement in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as holders of the notes. Copies of the Indenture are available by writing to Airgas, Inc., 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087-5283, Attn: General Counsel. In this description, Airgas, we, us and our refers only to Airgas, Inc. and not to any of our subsidiaries. You can find the definitions of certain terms used in this description under the subheading Covenants Definitions. Certain defined terms used in this description but not defined below under Covenants Definitions have the meanings assigned to them in the Indenture.

Maturity, Principal and Interest

The notes will mature on June 15, 2016, and will be issued in an initial aggregate principal amount of $250 million. Additional notes of the same class and series may be issued in one or more tranches from time to time, without notice to or the consent of the existing holders of the notes, provided that if such additional notes are not fungible with the original notes for U.S. federal income tax purposes, such additional notes will have a separate CUSIP number. Notes will be issued in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof.

The notes will be our unsecured unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. The notes will be senior to any of our subordinated indebtedness from time to time outstanding and will rank junior to our secured indebtedness from time to time outstanding to the extent of the value of the assets securing such indebtedness. The notes will also be effectively junior in right of payment to all existing and future liabilities, including trade payables, of our subsidiaries.

Each note will bear interest at the rate described on the cover page from June 3, 2011 or from the most recent interest payment date on which interest has been paid, payable semiannually in arrears on June 15 and December 15 of each year, commencing December 15, 2011. We will pay interest to the person in whose name the note (or any predecessor note) is registered at the close of business on the June 1 or December 1 immediately preceding the relevant interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Optional Redemption

The notes will be redeemable, as a whole or in part, at our option, at any time or from time to time. If the notes are redeemed prior to the date that is one month prior to the maturity date of the notes, the notes may be redeemed by us at a redemption price equal to the greater of:

(1) 100% of the principal amount of the notes to be redeemed, and

(2) as determined by the Reference Treasury Dealer, the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate, plus 20 basis points.

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If the notes are redeemed on or after the date that is one month prior to the maturity date of the notes, the notes may be redeemed by us at a redemption price equal to 100% of the principal amount of the notes to be redeemed.

In each case, accrued interest will be payable to the redemption date and the principal amount of any note remaining outstanding after redemption in part shall be $2,000 and any integral multiple of $1,000 in excess thereof.

Holders of notes to be redeemed will receive notice thereof by first class mail at least 30 days and not more than 60 days before the date fixed for redemption. If fewer than all of the notes are to be redeemed, the trustee will select, at least 30 days and not more than 60 days prior to the redemption date, the particular notes or portions thereof for redemption from the outstanding notes not previously called by such method as the trustee deems fair and appropriate.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date.

Comparable Treasury Issue means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (Remaining Life) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means any of Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated or Wells Fargo Securities, LLC, as appointed by us, and their respective successors, or if all of such firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

Reference Treasury Dealer means (1) each of Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and a Primary Treasury Dealer (defined herein) selected by Wells Fargo Securities, LLC and their respective successors, provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute for such bank another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Independent Investment Banker after consultation with us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity

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corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third business day preceding the redemption date.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event, unless we have exercised our right to redeem the notes as described under Optional Redemption, each holder of notes will have the right to require us to purchase all or a portion (equal to $2,000 and any integral multiple of $1,000 in excess thereof) of such holder s notes pursuant to the offer described below (the Change of Control Offer), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (the Change of Control Payment), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event occurs or, at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will be required to send, by first class mail, a notice to each holder of notes, with a copy to the trustee, which notice will govern the terms of the Change of Control Offer. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the Change of Control Payment Date). The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, we will, to the extent lawful, (1) accept or cause a third party to accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer; (2) deposit or cause a third party to deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and (3) deliver or cause to be delivered to the trustee the notes accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to make a Change of Control Offer with respect to the notes if a third party involved in the applicable Change of Control makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all the notes properly tendered and not withdrawn under its offer.

We will comply in all material respects with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to have breached our obligations under the Change of Control Offer provisions of the notes by virtue of any such conflict.

For purposes of the foregoing discussion of a Change of Control Offer, the following definitions are applicable:

Beneficial Owner has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular person (as that term is used

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in Section 13(d)(3) of the Exchange Act), such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms Beneficially Owns and Beneficially Owned have a corresponding meaning.

Change of Control means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Airgas and its Subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Principal or a Related Party of a Principal;

(2) the adoption of a plan relating to the liquidation or dissolution of Airgas;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as defined above) other than a Principal and its Related Parties, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Airgas, measured by voting power rather than number of shares;

(4) Airgas consolidates with, or merges with or into, any Person (other than a Principal or a Related Party of a Principal), or any Person (other than a Principal or a Related Party of a Principal) consolidates with, or merges with or into, Airgas, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Airgas or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of Airgas outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or

(5) the first day on which a majority of the members of the board of directors of Airgas are not Continuing Directors.

Change of Control Triggering Event means, with respect to the notes, the notes cease to be rated Investment Grade by each of the Rating Agencies on any date during the period (the Trigger Period) commencing 60 days prior to the first public announcement by us of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change). Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

Continuing Directors means, as of any date of determination, any member of the board of directors of Airgas who:

(1) was a member of such board of directors on the date of this prospectus supplement;

(2) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election; or

(3) is a designee of a Principal or was nominated by a Principal.

Investment Grade means a rating of Baa3 or better by Moody s (or its equivalent under any successor rating category of Moody s) and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us under the circumstances permitting us to select a replacement agency and in the manner for selecting a replacement agency, in each case as set forth in the definition of Rating Agency.

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Moody s means Moody s Investors Service, Inc., a subsidiary of Moody s Corporation, and its successors.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

Principal means Peter McCausland (and in the event of his incompetence or death, his estate, heirs, executor, administrator, committee or other personal representative (collectively, heirs)) or any Person controlled, directly or indirectly, by Peter McCausland or his heirs.

Rating Agency means each of Moody s and S&P; provided, that if Moody s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside our control, we may appoint another nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act as a replacement for such Rating Agency; provided, that we shall give notice of such appointment to the trustee.

Related Party means:

(1) any immediate family member (in the case of an individual) of the Principal; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of the Principal.

S&P means Standard & Poor s Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Voting Stock of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such Person.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Airgas, Inc. and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise, established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that we offer to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Airgas, Inc. and its Subsidiaries taken as a whole to another Person or group may be uncertain.

In addition, under a recent Delaware Chancery Court interpretation of a change of control repurchase requirement with a continuing director provision, a board of directors may approve a slate of shareholder nominated directors without endorsing them or while simultaneously recommending and endorsing its own slate instead. The foregoing interpretation would permit our Board of Directors to approve a slate of directors that included a majority of dissident directors nominated pursuant to a proxy contest, and the ultimate election of such dissident slate would not constitute a Change of Control Triggering Event that would trigger your right to require us to repurchase your notes as described above.

Covenants

Restrictions on Liens

We will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness secured by any Lien on any shares of stock, Indebtedness or other obligations of a Restricted Subsidiary or any Principal Property of ours or a Restricted Subsidiary, whether such shares of stock, Indebtedness or other obligations of a Subsidiary or Principal Property is owned at the date of the Indenture or thereafter acquired, without in any such case effectively providing that all the notes will be directly secured equally and ratably with such Lien.

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These restrictions do not apply to:

(1) the Incurrence of any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture (including acquisitions by way of merger or consolidation) by us or a Restricted Subsidiary contemporaneously with such acquisition, or within 180 days thereafter, to secure or provide for the payment or financing of any part of the purchase price thereof, or the assumption of any Lien upon any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture existing at the time of such acquisition, or the acquisition of any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property subject to any Lien without the assumption thereof, provided that every such Lien referred to in this clause (1) shall attach only to the shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property so acquired and fixed improvements thereon;

(2) any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property existing on the date the notes are initially issued;

(3) any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property in favor of Airgas, Inc. or any Restricted Subsidiary;

(4) any Lien on Principal Property being constructed or improved securing loans to finance such construction or improvements;

(5) any Lien in favor of the United States of America or any State, or in favor of any department, agency or instrumentality or political division, or in favor of any other country or any political subdivision of a foreign country, the purpose of which is to secure partial, progress, advance or other payments;

(6) any Lien imposed by law, for example mechanics , workmen s, repairmen s or other similar Liens arising in the ordinary course of business;

(7) any pledges or deposits under workmen s compensation or similar legislation or in certain other circumstances;

(8) any Lien in connection with legal proceedings;

(9) any Lien for taxes or assessments;

(10) any Lien to secure the performance of bids, tenders, letters of credit, contracts (other than contracts for the payment of indebtedness), leases, statutory obligations, surety, customs, appeal, performance and payment bonds and other obligations of like nature, in each such case arising in the ordinary course of business; and

(11) any renewal of or substitution for any Lien permitted by any of the preceding clauses (1) through (4), provided, in the case of a Lien permitted under clause (1), (2) or (4), the debt secured is not increased nor the Lien extended to any additional assets.

Notwithstanding the foregoing, we or any Restricted Subsidiary may create or assume Liens in addition to those permitted by clauses (1) through (11), and renew, extend or replace such Liens, provided that at the time of such creation, assumption, renewal, extension or replacement of such Lien, and after giving effect thereto, the total outstanding Indebtedness secured by Liens Incurred pursuant to this paragraph, together with the total outstanding Attributable Debt Incurred in connection with any sale and leaseback transactions entered into pursuant to the provisions of the Indenture described below in the last paragraph under Covenants Limitation on Sale and Leaseback Transactions, does not exceed 10% of Consolidated Net Tangible Assets.

For the purposes of this Restrictions on Liens covenant and the Limitation on Sale and Leaseback Transactions covenant, the giving of a guarantee which is secured by a Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property, and the creation of a Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property to secure Indebtedness that existed prior to the creation of such Lien, shall be deemed to involve the creation of Indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien.

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Given the size of our operations, at any given time we expect to have very few or no Principal Properties and, accordingly, very few or no Restricted Subsidiaries.

Limitation on Sale and Leaseback Transactions

We will not, and will not permit any Restricted Subsidiary to, sell or transfer, directly or indirectly, except to us or a Restricted Subsidiary, any Principal Property as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property, except a lease for a period of three years or less at the end of which it is intended that the use of such property by the lessee will be discontinued; provided that, notwithstanding the foregoing, we or any Restricted Subsidiary may sell any such Principal Property and lease it back for a longer period:

(1) if we or such Restricted Subsidiary would be entitled, pursuant to the provisions of the Indenture described above under Restrictions on Liens, to create a mortgage on the property to be leased securing Funded Debt in an amount equal to the Attributable Debt with respect to such sale and leaseback transaction without equally and ratably securing the outstanding notes;

(2) if we promptly inform the trustee of such transaction, the net proceeds of such transaction are at least equal to the fair market value (as determined by board resolution) of such property, and we cause an amount equal to the net proceeds of the sale to be applied to the retirement, within 180 days after receipt of such proceeds, of Funded Debt Incurred or assumed by us or a Restricted Subsidiary (including the notes); or

(3) if we, within 180 days after the sale or transfer, apply or cause a Restricted Subsidiary to apply an amount equal to the greater of the net proceeds of such sale or transfer or the fair market value of the Principal Property (or portion thereof) so sold and leased back at the time of entering into such sale and leaseback transaction (in either case as determined by board resolution) to purchase other Principal Property having a fair market value at least equal to the fair market value of the Principal Property (or portion thereof) sold or transferred in such sale and leaseback transaction.

Notwithstanding the foregoing, we or any Restricted Subsidiary may enter into sale and leaseback transactions in addition to those permitted in the foregoing paragraph and without any obligation to retire any outstanding notes or other Funded Debt, provided that at the time of entering into such sale and leaseback transactions and after giving effect thereto, the total outstanding Attributable Debt Incurred pursuant to this paragraph, together with any of the total outstanding Indebtedness secured by Liens created, assumed or otherwise incurred pursuant to the provisions of the Indenture described above in the third paragraph under Covenants Restrictions on Liens, does not exceed 10% of Consolidated Net Tangible Assets.

Definitions

Attributable Debt means, when used in connection with a sale and leaseback transaction, at any date of determination, the product of (1) the net proceeds from such sale and leaseback transaction multiplied by (2) a fraction, the numerator of which is the number of full years of the term of the lease relating to the property involved in such sale and leaseback transaction (without regard to any options to renew or extend such term) remaining at the date of the making of such computation and the denominator of which is the number of full years of the term of such lease measured from the first day of such term.

Capital Stock means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests (including partnership interests) in (however designated) the equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

Consolidated Net Tangible Assets means, as of any date, the total amount of assets of Airgas, Inc. and its Subsidiaries on a consolidated basis (less applicable reserves and other properly deductible items) after deducting therefrom (1) all current liabilities (excluding (x) any current liabilities which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed or which are supported by other borrowings with a maturity of more than 12 months from the date of calculation and (y) current maturities of long-term Indebtedness and capital lease obligations), (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles and (3) appropriate adjustments on account of minority interests of other Persons holding stock of Airgas, Inc. s Subsidiaries, all as set forth on the most recent balance sheet of Airgas, Inc. and its consolidated Subsidiaries (but, in any event, as of a date within 120 days of the date of determination), in each case excluding intercompany items and computed in accordance with generally accepted accounting principles.

Funded Debt means all Indebtedness for borrowed money, including purchase money indebtedness, having a maturity of more than one year from the date of its creation or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the obligor in respect thereof, beyond one year from its creation.

Incur means to issue, assume, guarantee, incur or otherwise become liable for. The terms Incurred, Incurrence and Incurring shall each have a correlative meaning.

Indebtedness means with respect to any Person at any date of determination (without duplication), indebtedness for borrowed money or indebtedness evidenced by bonds, notes, debentures or other similar instruments given to finance the acquisition of any businesses, properties or assets of any kind (including, without limitation, Capital Stock or other equity interests in any Person).

Lien with respect to any property or assets, means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing), but not including the interest of a lessor under a lease that is an operating lease under generally accepted accounting principles.

Principal Property means any land, land improvements or building, together with the land upon which it is erected and fixtures comprising a part thereof, in each case, owned or leased by us or any Restricted Subsidiary and located in the United States, the gross book value (without deduction of any reserve for depreciation) of which on the date as of which the determination is being made is an amount which exceeds 1.0% of Consolidated Net Tangible Assets.

Restricted Subsidiary means any Subsidiary which, at the time of determination, owns or is a lessee pursuant to a capital lease of any Principal Property.

Significant Subsidiary means any Subsidiary that would be a significant subsidiary as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date of the Supplemental Indenture.

Subsidiary of a Person means, with respect to any Person, any corporation, association, partnership or other business entity of which at least a majority of the total voting power of the Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person.

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Consolidation; Merger or Sale of Substantially All Assets

We may: (1) consolidate or merge with or into another Person; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of our properties or assets and our Subsidiaries taken as a whole, in one or more related transactions, to another Person; if:

(1) either: (a) we are the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than Airgas) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia (any such Person, the Successor Company);

(2) the Successor Company assumes all the obligations of Airgas under the notes and the Indenture pursuant to agreements reasonably satisfactory to the trustee; and

(3) immediately after such transaction no default exists.

The Successor Company will be the successor to Airgas and shall succeed to, and be substituted for, and may exercise every right and power of, Airgas under the Indenture, and the predecessor company shall be released from its obligations with respect to the notes, including with respect to its obligation to pay the principal of and interest on the notes. Under these circumstances, if our properties or assets become subject to a Lien not permitted by the Indenture, we will equally and ratably secure the notes.

Reports

Whether or not required by the Commission, so long as any notes are outstanding, Airgas will furnish to the holders of notes, within the time periods specified in the Commission s rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if Airgas were required to file such Forms, including a Management s Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report on the annual financial statements by Airgas certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if Airgas were required to file such reports.

In addition, whether or not required by the Commission, Airgas will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission s rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request, provided that for the avoidance of doubt, information or reports filed with the Commission shall be deemed furnished to holders of notes.

Events of Default

An event of default under the Indenture with respect to the notes includes the following:

- failure to pay interest on the notes for 30 days;

- failure to pay principal on the notes when due;

- failure to perform any of the other covenants or agreements in the Indenture relating to the notes that continues for 60 days after written notice to us by the trustee or holders of at least 25% in principal amount of the notes then outstanding (for purposes of the financial statement reporting covenant, the 60 day grace period will be extended to 90 days);

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default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Airgas or any of its Significant Subsidiaries (or the payment of which is guaranteed by Airgas or any of its Significant Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a failure to pay principal at its stated maturity after giving effect to any applicable grace period provided in such Indebtedness (a Payment Default); or (b) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $100.0 million or more; or

certain events of bankruptcy, insolvency or reorganization relating to us.

The Indenture provides that the trustee will, with certain exceptions, notify the holders of notes of any event of default known to it with respect to the notes within 90 days after the occurrence of such event.

If an event of default (other than with respect to certain events of bankruptcy, insolvency or reorganization) occurs and is continuing with respect to the notes, the trustee or the holders of not less than 25% in principal amount of the notes then outstanding may declare the principal amount to be due and payable. If an event of default with respect to certain events of bankruptcy, insolvency or reorganization occurs and is continuing, then all of the notes will ipso facto become and be due and payable immediately in an amount equal to the principal amount of the notes, together with accrued and unpaid interest, if any, to the date the notes become due and payable, without any declaration or other act on the part of the trustee or any holder. Subject to certain conditions, the holders of a majority in principal amount of the notes then outstanding can rescind and annul such declaration and its consequences.

We are required to file an annual officers certificate with the trustee concerning our compliance with the Indenture. Subject to the provisions of the Indenture relating to the duties of the trustee, the trustee is not obligated to exercise any of its rights or powers at the request or direction of any of the holders unless they have offered the trustee security or indemnity satisfactory to the trustee. If the holders provide security or indemnity satisfactory to the trustee, the holders of a majority in principal amount of the outstanding notes during an event of default may direct the time, method and place of conducting any proceeding for any remedy available to the trustee under the Indenture or exercising any of the trustee s trusts or powers with respect to the notes.

Prior to the acceleration of the maturity of the notes, the holders of not less than a majority in aggregate principal amount of the outstanding notes may on behalf of the holders of all outstanding notes waive any past default or event of default and its consequences, except a default or event of default (a) in the payment of the principal of, premium, if any, or interest on any note (which may only be waived with the consent of each holder of notes affected) or (b) in respect of a covenant or a provision of the Indenture which cannot be modified or amended without the consent of the holder of each note outstanding affected by such modification or amendment.

Book-Entry, Delivery and Form

The notes initially will be represented by one or more permanent global certificates in definitive, fully registered form (the Global Notes). The Global Notes will be deposited upon issuance with The Depository Trust Company, New York, New York (DTC), and registered in the name of a nominee of DTC in the form of a global certificate.

The Global Notes

DTC has advised us that pursuant to procedures established by it (i) upon the