

Reconciliation of Non-GAAP Financial Measures (Unaudited)

Airgas, Inc. and Subsidiaries

Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow

(In thousands)

Years Ended March 31,	1999	2000	2001	2002	2003
Net cash provided by operating activities	\$ 102,063	\$ 100,092	\$ 199,005	\$ 249,381	\$ 194,399
Plus: Dividends and fees from equity affiliates	4,533	3,973	3,668	2,583	2,507
Less: Cash provided by the securitization of trade receivables	–	–	(73,200)	(60,800)	(24,900)
Capital expenditures	(101,638)	(65,211)	(65,910)	(58,297)	(67,969)
Free Cash Flow	\$ 4,958	\$ 38,854	\$ 63,563	\$ 132,867	\$ 104,037

The Company believes Free Cash Flow provides investors meaningful insight into the ability of the Company to generate cash from continuing operations, which can be used to make acquisitions, repay debt or support other investing and financing activities.

Reconciliation of Diluted Earnings Per Share as Reported to Diluted Earnings Per Share, Excluding Certain Gains and Charges

Years Ended March 31,	1999	2000	2001	2002	2003
Diluted Earnings Per Share As Reported	\$ 0.72	\$ 0.54	\$ 0.42	\$ (0.15)	\$ 0.94
Change in accounting principle	–	0.01	–	0.84	–
Goodwill amortization, prior to the adoption of SFAS 142	0.18	0.19	0.20	–	–
Litigation settlements/charges	–	0.07	0.06	0.08	–
Restructuring/special charges (recoveries), net	(0.01)	(0.02)	0.03	–	0.03
Non-recurring (gains) losses from divestitures	(0.21)	(0.11)	–	0.01	–
Other	(0.02)	0.04	0.01	–	–
Diluted Earnings Per Share, excluding certain gains and charges	\$ 0.66	\$ 0.72	\$ 0.72	\$ 0.78	\$ 0.97

The Company believes that diluted earnings per share, excluding certain gains and charges noted above, are more indicative of the Company's on-going operations and provide investors meaningful trend information.

Reconciliation and Computation of Return on Capital

(In thousands)

Years Ended March 31,	1999	2000	2001	2002	2003
Operating income	\$ 112,996	\$ 106,731	\$ 107,949	\$ 125,033	\$ 155,882
Plus (Less):					
Restructuring/special charges (recoveries), net	(1,000)	(2,829)	3,643	–	2,694
Litigation settlements/charges	–	7,500	5,791	8,501	–
Other	–	3,800	–	–	–
Depreciation and amortization	87,926	89,308	86,754	72,945	79,844
Dividends and fees from unconsolidated affiliates	4,533	3,973	3,668	2,583	2,507
Eighty percent of depreciation expense	(49,521)	(50,908)	(50,350)	(51,828)	(58,786)
Current income tax (expense) benefit	(18,392)	(18,428)	(15,566)	4,772	(32,544)
Current taxes related to divestitures	10,673	7,680	5,069	–	–
Deferred income tax reclassification	–	–	–	(18,986)	18,986
Tax benefit from interest expense and discount on securitization of trade receivables	(24,525)	(23,873)	(25,219)	(19,706)	(18,886)
Total return	122,690	122,954	121,739	123,314	149,697
Five-quarter average capital employed (1)	1,484,697	1,507,761	1,522,763	1,457,613	1,647,381
Return on Capital	8.3%	8.2%	8.0%	8.5%	9.1%

(1) Average capital employed represents total assets plus trade receivables under the securitization program, less accounts payable, accrued expenses and other current liabilities.

The Company believes this return on capital computation provides investors a measure to reflect the relationship between operating results and average capital employed. This measure helps investors assess how effectively the Company uses the capital invested in its operations.