

Consolidated Statements of Earnings

Airgas, Inc. and Subsidiaries

(In thousands, except per share amounts)

Years Ended March 31,	2009	2008	2007
Net Sales	\$ 4,349,455	\$ 4,017,024	\$ 3,205,051
Cost and Expenses			
Cost of products sold (excluding depreciation expense)	2,045,020	1,929,263	1,567,232
Selling, distribution and administrative expenses	1,558,772	1,422,162	1,148,979
Depreciation	198,033	175,802	138,818
Amortization (Note 8)	22,762	13,973	8,525
Total costs and expenses	3,824,587	3,541,200	2,863,554
Operating Income	524,868	475,824	341,497
Interest expense, net (Note 16)	(84,395)	(89,485)	(60,180)
Discount on securitization of trade receivables (Note 4)	(10,738)	(17,031)	(13,630)
Loss on the extinguishment of debt (Note 10)	—	—	(12,099)
Other income (expense), net	(382)	1,454	1,556
Earnings before income taxes and minority interest	429,353	370,762	257,144
Income taxes (Note 6)	(168,265)	(144,184)	(99,883)
Minority interest in earnings of consolidated affiliate (Note 13)	—	(3,230)	(2,845)
Net Earnings	\$ 261,088	\$ 223,348	\$ 154,416
Net Earnings per Common Share (Note 17)			
Basic earnings per share	\$ 3.19	\$ 2.74	\$ 1.98
Diluted earnings per share	\$ 3.12	\$ 2.66	\$ 1.92
Weighted average shares outstanding:			
Basic	81,926	81,402	78,025
Diluted	83,816	84,235	82,566

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

Airgas, Inc. and Subsidiaries

(In thousands, except per share amounts)

March 31,	2009	2008
Assets		
Current Assets		
Cash	\$ 47,188	\$ 43,048
Trade receivables, less allowances for doubtful accounts of \$27,572 in 2009 and \$22,624 in 2008 (Note 4)	184,739	183,569
Inventories, net (Note 5)	390,445	330,732
Deferred income tax asset, net (Note 6)	34,760	22,258
Prepaid expenses and other current assets	60,838	67,110
Total current assets	717,970	646,717
Plant and equipment at cost (Note 7)	3,558,730	3,232,673
Less accumulated depreciation	(1,192,204)	(1,037,803)
Plant and equipment, net	2,366,526	2,194,870
Goodwill (Note 8)	1,063,370	969,059
Other intangible assets, net (Note 8)	216,070	148,998
Other non-current assets	35,601	27,620
Total assets	\$ 4,399,537	\$ 3,987,264
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable, trade	\$ 156,838	\$ 185,111
Accrued expenses and other current liabilities (Note 9)	264,564	288,883
Current portion of long-term debt (Note 10)	11,058	40,400
Total current liabilities	432,460	514,394
Long-term debt, excluding current portion (Note 10)	1,750,308	1,539,648
Deferred income tax liability, net (Note 6)	565,783	439,782
Other non-current liabilities	79,231	80,104
Commitments and contingencies (Note 19)		
Stockholders' Equity (Note 14)		
Preferred stock, 20,030 shares authorized, no shares issued or outstanding in 2009 and 2008	—	—
Common stock, par value \$0.01 per share, 200,000 shares authorized, 85,542 and 84,076 shares issued in 2009 and 2008, respectively	856	841
Capital in excess of par value	533,030	468,302
Retained earnings	1,198,985	983,663
Accumulated other comprehensive loss	(10,753)	(4,713)
Treasury stock, 4,139 and 1,788 common shares at cost in 2009 and 2008, respectively	(150,363)	(34,757)
Total stockholders' equity	1,571,755	1,413,336
Total liabilities and stockholders' equity	\$ 4,399,537	\$ 3,987,264

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

Airgas, Inc. and Subsidiaries

Years Ended March 31, 2009, 2008 and 2007

<i>(In thousands, except per share amounts)</i>	Shares of Common Stock \$0.01 Par Value	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shares of Treasury Stock	Treasury Stock	Total Stockholders' Equity
Balance—April 1, 2006	78,569	\$ 786	\$ 289,598	\$ 665,158	\$ 4,751	(1,292)	\$ (13,134)	\$ 947,159
Cumulative adjustment to retained earnings for adoption of SAB 108, net of tax (Note 2)				(5,161)				(5,161)
Comprehensive income:								
Net earnings				154,416				\$ 154,416
Foreign currency translation adjustment					2			2
Net change in fair value of interest rate swap agreements (Note 11)					(850)			(850)
Net tax benefit of other comprehensive income items					280			280
Total comprehensive income								\$ 153,848
Shares issued in connection with stock options exercised (Note 15)	960	10	15,097					15,107
Dividends paid on common stock (\$0.28) (Note 14)				(21,980)				(21,980)
Tax benefit associated with the exercise of stock options			9,013					9,013
Shares issued in connection with the Employee Stock Purchase Plan (Note 15)	431	3	11,948					11,951
Expense related to stock-based compensation (Note 15)			15,445					15,445
Balance—March 31, 2007	79,960	\$ 799	\$ 341,101	\$ 792,433	\$ 4,183	(1,292)	\$ (13,134)	\$ 1,125,382
Cumulative adjustment to retained earnings for adoption of FIN 48 (Note 6)				(290)				(290)
Comprehensive income:								
Net earnings				223,348				\$ 223,348
Foreign currency translation adjustment					4,738			4,738
Net change in fair value of interest rate swap agreements (Note 11)					(20,956)			(20,956)
Net tax benefit of other comprehensive income items					7,322			7,322
Total comprehensive income								\$ 214,452
Shares issued in connection with stock options exercised (Note 15)	1,238	13	20,368					20,381
Dividends paid on common stock (\$0.39) (Note 14)				(31,828)				(31,828)
Tax benefit associated with the exercise of stock options			13,327					13,327
Shares issued in connection with the Employee Stock Purchase Plan (Note 15)	407	4	14,087					14,091
Expense related to stock-based compensation (Note 15)			15,587					15,587
National Welders exchange transaction (Note 13)	2,471	25	63,832					63,857
Purchase of treasury stock (Note 14)						(496)	(21,623)	(21,623)
Balance—March 31, 2008	84,076	\$ 841	\$ 468,302	\$ 983,663	\$ (4,713)	(1,788)	\$ (34,757)	\$ 1,413,336
Comprehensive income:								
Net earnings				261,088				\$ 261,088
Foreign currency translation adjustment					(11,451)			(11,451)
Net change in fair value of interest rate swap agreements (Note 11)					8,325			8,325
Net tax expense of other comprehensive income items					(2,914)			(2,914)
Total comprehensive income								\$ 255,048
Shares issued in connection with stock options exercised (Note 15)	1,027	10	16,178					16,188
Dividends paid on common stock (\$0.56) (Note 14)				(45,766)				(45,766)
Tax benefit associated with the exercise of stock options			11,846					11,846
Shares issued in connection with the Employee Stock Purchase Plan (Note 15)	439	5	16,502					16,507
Expense related to stock-based compensation (Note 15)			20,202					20,202
Purchase of treasury stock (Note 14)						(2,351)	(115,606)	(115,606)
Balance—March 31, 2009	85,542	\$ 856	\$ 533,030	\$ 1,198,985	\$ (10,753)	(4,139)	\$ (150,363)	\$ 1,571,755

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Airgas, Inc. and Subsidiaries

(In thousands)

Years Ended March 31,

	2009	2008	2007
Cash Flows from Operating Activities			
Net earnings	\$ 261,088	\$ 223,348	\$ 154,416
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	198,033	175,802	138,818
Amortization	22,762	13,973	8,525
Deferred income taxes	103,280	74,725	51,911
Loss (gain) on sales of plant and equipment	(964)	714	39
Minority interest in earnings	—	3,230	2,845
Stock-based compensation expense	20,635	16,629	15,445
Loss on debt extinguishment	—	—	12,099
Changes in assets and liabilities, excluding effects of business acquisitions and divestitures:			
Securitization of trade receivables	(48,600)	95,600	20,200
Trade receivables, net	77,209	(23,308)	(37,687)
Inventories, net	441	(37,079)	(1,491)
Prepaid expenses and other current assets	4,362	1,693	(23,326)
Accounts payable, trade	(40,239)	8,053	(15,163)
Accrued expenses and other current liabilities	(15,097)	(749)	266
Other non-current assets	(673)	(81)	1,809
Other non-current liabilities	530	(2,624)	(2,363)
Net cash provided by operating activities	582,767	549,926	326,343
Cash Flows from Investing Activities			
Capital expenditures	(351,912)	(267,378)	(238,274)
Proceeds from sales of plant and equipment	14,360	9,345	8,685
Business acquisitions and holdback settlements	(273,750)	(480,096)	(687,892)
Other, net	1,378	(1,316)	(474)
Net cash used in investing activities	(609,924)	(739,445)	(917,955)
Cash Flows from Financing Activities			
Proceeds from borrowings	1,364,423	1,162,452	1,577,967
Repayment of debt	(1,188,675)	(953,749)	(1,008,186)
Financing costs	(9,201)	—	(5,103)
Premium paid on call of senior subordinated notes	—	—	(10,267)
Minority interest in earnings	—	(711)	(2,845)
Purchase of treasury stock	(120,219)	(17,010)	—
Proceeds from the exercise of stock options	16,188	20,381	15,107
Stock issued for the Employee Stock Purchase Plan	16,507	14,091	11,951
Tax benefit realized from the exercise of stock options	11,846	13,327	9,013
Dividends paid to stockholders	(45,766)	(31,828)	(21,980)
Change in cash overdraft	(13,806)	(317)	16,901
Net cash provided by financing activities	31,297	206,636	582,558
Change in Cash	\$ 4,140	\$ 17,117	\$ (9,054)
Cash—Beginning of year	43,048	25,931	34,985
Cash—End of year	\$ 47,188	\$ 43,048	\$ 25,931

For supplemental cash flow disclosures, see Note 22.
See accompanying notes to consolidated financial statements.