

Consolidated Statements of Earnings

AIRGAS, INC. AND SUBSIDIARIES

(In thousands, except per share amounts)

Years Ended March 31,

	2015	2014	2013
Net Sales	\$ 5,304,885	\$ 5,072,537	\$ 4,957,497
Costs and Expenses:			
Cost of products sold (excluding depreciation)	2,355,875	2,247,574	2,235,567
Selling, distribution and administrative expenses	1,978,674	1,889,123	1,828,524
Restructuring and other special charges, net (Note 22)	—	—	8,089
Depreciation	297,710	275,461	261,622
Amortization (Note 7)	31,348	29,845	27,278
Total costs and expenses	4,663,607	4,442,003	4,361,080
Operating Income	641,278	630,534	596,417
Interest expense, net (Note 14)	(62,232)	(73,698)	(67,494)
Loss on the extinguishment of debt (Note 9)	—	(9,150)	—
Other income, net	5,075	4,219	14,494
Earnings before income taxes	584,121	551,905	543,417
Income taxes (Note 5)	(216,035)	(201,121)	(202,543)
Net Earnings	\$ 368,086	\$ 350,784	\$ 340,874
Net Earnings Per Common Share (Note 15):			
Basic earnings per share	\$ 4.93	\$ 4.76	\$ 4.45
Diluted earnings per share	\$ 4.85	\$ 4.68	\$ 4.35
Weighted Average Shares Outstanding:			
Basic	74,702	73,623	76,651
Diluted	75,851	74,910	78,307

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

AIRGAS, INC. AND SUBSIDIARIES

(In thousands)

Years Ended March 31,

	2015	2014	2013
Net earnings	\$ 368,086	\$ 350,784	\$ 340,874
Other comprehensive income (loss), before tax:			
Foreign currency translation adjustments	(15,708)	(4,235)	(1,274)
Reclassification of hedging loss included in net earnings (Note 10)	517	517	517
Other comprehensive income (loss), before tax	(15,191)	(3,718)	(757)
Net tax expense of other comprehensive income items	(191)	(191)	(191)
Other comprehensive income (loss), net of tax	(15,382)	(3,909)	(948)
Comprehensive income	\$ 352,704	\$ 346,875	\$ 339,926

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

AIRGAS, INC. AND SUBSIDIARIES

(In thousands, except per share amounts)

March 31,	2015	2014
Assets		
Current Assets		
Cash	\$ 50,724	\$ 69,561
Trade receivables, less allowances for doubtful accounts of \$27,016 and \$31,757 at March 31, 2015 and 2014, respectively	708,227	701,060
Inventories, net (Note 4)	474,070	478,149
Deferred income tax asset, net (Note 5)	58,072	57,961
Prepaid expenses and other current assets	124,591	92,356
Total current assets	1,415,684	1,399,087
Plant and equipment at cost (Note 6)	5,305,059	4,931,064
Less accumulated depreciation	(2,353,293)	(2,128,649)
Plant and equipment, net	2,951,766	2,802,415
Goodwill (Note 7)	1,313,644	1,289,896
Other intangible assets, net (Note 7)	244,519	258,836
Other non-current assets	47,997	43,080
Total assets	\$ 5,973,610	\$ 5,793,314
Liabilities And Stockholders' Equity		
Current Liabilities		
Accounts payable, trade	\$ 206,187	\$ 196,911
Accrued expenses and other current liabilities (Note 8)	346,879	345,676
Short-term debt (Note 9)	325,871	387,866
Current portion of long-term debt (Note 9)	250,110	400,322
Total current liabilities	1,129,047	1,330,775
Long-term debt, excluding current portion (Note 9)	1,748,662	1,706,774
Deferred income tax liability, net (Note 5)	854,574	825,897
Other non-current liabilities	89,741	89,219
Commitments and contingencies (Notes 16 and 17)		
Stockholders' Equity (Note 12)		
Preferred stock, 20,030 shares authorized, no shares issued or outstanding at March 31, 2015 and 2014	—	—
Common stock, par value \$0.01 per share, 200,000 shares authorized, 87,554 and 87,353 shares issued at March 31, 2015 and 2014, respectively	876	874
Capital in excess of par value	853,800	789,789
Retained earnings	2,231,026	2,047,843
Accumulated other comprehensive income	(14,853)	529
Treasury stock, 12,197 and 13,264 shares at cost at March 31, 2015 and 2014, respectively	(919,263)	(998,386)
Total stockholders' equity	2,151,586	1,840,649
Total liabilities and stockholders' equity	\$ 5,973,610	\$ 5,793,314

See accompanying notes to consolidated financial statements.

Consolidated Statements of Stockholders' Equity

AIRGAS, INC. AND SUBSIDIARIES

	Years Ended March 31, 2015, 2014 and 2013							
	Shares of Common Stock	Common Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shares of Treasury Stock	Treasury Stock	Total Stockholders' Equity
(In thousands, except per share amounts)								
Balance—April 1, 2012	86,874	\$ 869	\$ 649,551	\$ 1,701,478	\$ 5,386	(10,207)	\$ (607,026)	\$ 1,750,258
Net earnings				340,874				340,874
Foreign currency translation adjustments					(1,274)			(1,274)
Reclassification of hedging loss included in net earnings (Note 10)					517			517
Net tax expense of other comprehensive income items					(191)			(191)
Treasury stock reissuances in connection with stock options exercised (Note 13)			—	(58,755)		2,421	147,455	88,700
Dividends paid on common stock (\$1.60 per share) (Note 12)				(122,202)				(122,202)
Excess tax benefit associated with the exercise of stock options			36,160					36,160
Shares issued in connection with the Employee Stock Purchase Plan (Note 13)	261	2	17,086					17,088
Stock-based compensation expense (Note 13)			27,053					27,053
Purchase of treasury stock (Note 12)						(6,291)	(600,000)	(600,000)
Balance—March 31, 2013	87,135	\$ 871	\$ 729,850	\$ 1,861,395	\$ 4,438	(14,077)	\$(1,059,571)	\$ 1,536,983
Net earnings				350,784				350,784
Foreign currency translation adjustments					(4,235)			(4,235)
Reclassification of hedging loss included in net earnings (Note 10)					517			517
Net tax expense of other comprehensive income items					(191)			(191)
Treasury stock reissuances in connection with stock options exercised (Note 13)			—	(22,875)		813	61,185	38,310
Dividends paid on common stock (\$1.92 per share) (Note 12)				(141,461)				(141,461)
Excess tax benefit associated with the exercise of stock options			13,668					13,668
Shares issued in connection with the Employee Stock Purchase Plan (Note 13)	218	3	17,310					17,313
Stock-based compensation expense (Note 13)			28,961					28,961
Balance—March 31, 2014	87,353	\$ 874	\$ 789,789	\$ 2,047,843	\$ 529	(13,264)	\$ (998,386)	\$ 1,840,649
Net earnings				368,086				368,086
Foreign currency translation adjustments					(15,708)			(15,708)
Reclassification of hedging loss included in net earnings (Note 10)					517			517
Net tax expense of other comprehensive income items					(191)			(191)
Treasury stock reissuances in connection with stock options exercised (Note 13)			(1,368)	(20,386)		1,026	76,033	54,279
Reissuance of treasury stock for acquisition (Note 3)			1,368			41	3,090	4,458
Dividends paid on common stock (\$2.20 per share) (Note 12)				(164,517)				(164,517)
Excess tax benefit associated with the exercise of stock options			16,045					16,045
Shares issued in connection with the Employee Stock Purchase Plan (Note 13)	201	2	17,939					17,941
Stock-based compensation expense (Note 13)			30,027					30,027
Balance—March 31, 2015	87,554	\$ 876	\$ 853,800	\$ 2,231,026	\$ (14,853)	(12,197)	\$ (919,263)	\$ 2,151,586

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

AIRGAS, INC. AND SUBSIDIARIES

(In thousands)

Years Ended March 31,

	2015	2014	2013
Cash Flows from Operating Activities			
Net earnings	\$ 368,086	\$ 350,784	\$ 340,874
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation	297,710	275,461	261,622
Amortization	31,348	29,845	27,278
Impairment	—	—	1,729
Deferred income taxes	32,841	(6,869)	36,309
Loss (gain) on sales of plant and equipment	(3,137)	(1,264)	(1,551)
Gain on sale of businesses	—	—	(6,822)
Stock-based compensation expense	30,027	28,961	27,053
Loss on the extinguishment of debt	—	9,150	—
Changes in assets and liabilities, excluding effects of business acquisitions and divestitures:			
Trade receivables, net	(925)	20,030	(42,485)
Inventories, net	5,091	2,291	(62,317)
Prepaid expenses and other current assets	(31,935)	41,408	(14,706)
Accounts payable, trade	4,954	4,732	(2,636)
Accrued expenses and other current liabilities	(3,377)	(4,463)	(8,090)
Other, net	(12,646)	(5,206)	(5,990)
Net cash provided by operating activities	718,037	744,860	550,268
Cash Flows from Investing Activities			
Capital expenditures	(468,789)	(354,587)	(325,465)
Proceeds from sales of plant, equipment and businesses	23,083	15,483	31,413
Business acquisitions and holdback settlements	(51,382)	(203,529)	(97,521)
Other, net	325	(951)	(1,286)
Net cash used in investing activities	(496,763)	(543,584)	(392,859)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term debt	(62,776)	387,352	(388,452)
Proceeds from borrowings of long-term debt	317,423	135,861	862,832
Repayment of long-term debt	(415,907)	(636,587)	(21,428)
Financing costs	(5,445)	—	(6,697)
Premium paid on redemption of senior subordinated notes	—	(7,676)	—
Purchase of treasury stock	—	(8,127)	(591,873)
Proceeds from the exercise of stock options	54,280	38,310	88,700
Stock issued for the Employee Stock Purchase Plan	17,940	17,313	17,088
Excess tax benefit realized from the exercise of stock options	16,045	13,668	36,160
Dividends paid to stockholders	(164,517)	(141,461)	(122,202)
Change in cash overdraft and other	2,846	(16,754)	10,186
Net cash used in financing activities	(240,111)	(218,101)	(115,686)
Change in cash	\$ (18,837)	\$ (16,825)	\$ 41,723
Cash — Beginning of period	69,561	86,386	44,663
Cash — End of period	\$ 50,724	\$ 69,561	\$ 86,386

For supplemental cash flow disclosures, see Note 20.

See accompanying notes to consolidated financial statements.