

Reconciliation of Non-GAAP Financial Measures (Unaudited)

AIRGAS, INC. AND SUBSIDIARIES

Reconciliation of Earnings per Diluted Share from Continuing Operations to Earnings per Diluted Share from Continuing Operations, Excluding Certain Gains and Charges

	FY86	FY87	FY88	FY89	FY90	FY91	FY92	FY93	FY94	FY95	FY96	FY97
Earnings per diluted share from continuing operations	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.03	\$ 0.13	\$ 0.19	\$ 0.31	\$ 0.48	\$ 0.60	\$ 0.33
Adjustments:												
Restructuring and other special charges, including asset impairments, net of recoveries	—	—	0.01	—	—	0.06	—	—	—	—	—	0.05
Costs (recoveries) due to breach of contract by supplier	—	—	—	—	—	—	—	—	—	—	—	0.25
Losses (gains) on sale of business	—	—	—	—	—	—	—	—	—	—	—	0.01
Insurance gain	—	—	—	—	—	—	—	—	—	—	—	—
Litigation charges	—	—	—	—	—	—	—	—	—	—	—	—
Inventory write-down	—	—	—	—	—	—	—	—	—	—	—	—
Hurricane and fire losses	—	—	—	—	—	—	—	—	—	—	—	—
BOC acquisition integration costs	—	—	—	—	—	—	—	—	—	—	—	—
Employee separation costs	—	—	—	—	—	—	—	—	—	—	—	—
Gain on termination of defined benefit pension plan	—	—	(0.01)	—	—	—	—	—	—	—	—	—
Costs (benefits) related to unsolicited takeover attempt	—	—	—	—	—	—	—	—	—	—	—	—
Losses on debt extinguishment	—	—	—	—	—	—	—	—	—	—	—	—
Multi-employer pension plan withdrawal charges	—	—	—	—	—	—	—	—	—	—	—	—
Income tax benefits	—	—	—	—	—	—	—	—	—	—	—	—
National Welders exchange transaction	—	—	—	—	—	—	—	—	—	—	—	—
One-time interest penalty	—	—	—	—	—	—	—	—	—	—	—	—
Earnings per diluted share from continuing operations, excluding certain gains and charges	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.06	\$ 0.08	\$ 0.09	\$ 0.13	\$ 0.19	\$ 0.31	\$ 0.48	\$ 0.60	\$ 0.64

The Company believes its earnings per diluted share from continuing operations, excluding certain gains and charges, financial measure provides investors meaningful insight into its earnings performance without the impact of certain special items. Non-GAAP financial measures should be read in conjunction with GAAP financial measures, as non-GAAP financial measures are merely a supplement to, and not a replacement for, GAAP financial measures. It should also be noted that the Company's earnings per diluted share from continuing operations, excluding certain gains and charges, financial measure may be different from earnings per diluted share financial measures provided by other companies.

Reconciliation and Computation of Return on Capital

(In thousands)

Years Ended March 31,	2011	2012	2013	2014	2015
Operating income	\$ 469,191	\$ 556,221	\$ 596,417	\$ 630,534	\$ 641,278
Add:					
Restructuring and other special charges	—	24,448	8,089	—	—
Costs related to unsolicited takeover attempt	44,406	(7,870)	—	—	—
Multi-employer pension plan withdrawal charges	4,628	4,304	—	—	—
Adjusted operating income	\$ 518,225	\$ 577,103	\$ 604,506	\$ 630,534	\$ 641,278
Five quarter average of total assets	4,797,736	5,126,871	5,452,051	5,676,227	5,906,752
Five quarter average of securitized trade receivables	59,000	—	—	—	—
Five quarter average of current liabilities (exclusive of debt)	(498,618)	(516,307)	(533,217)	(526,939)	(553,651)
Five quarter average capital employed	\$ 4,358,118	\$ 4,610,564	\$ 4,918,834	\$ 5,149,288	\$ 5,353,101
Return on capital	11.9%	12.5%	12.3%	12.2%	12.0%

The Company believes this return on capital computation helps investors assess how effectively the Company uses the capital invested in its operations. Management uses return on capital as one of the metrics for determining employee compensation. Non-GAAP financial measures should be read in conjunction with GAAP financial measures, as non-GAAP financial measures are merely a supplement to, and not a replacement for, GAAP financial measures. It should be noted as well that our return on capital computation may be different from return on capital computations provided by other companies. Quarterly averages used in the computation of return on capital above reflect the impact of material acquisitions as of their acquisition date.

Reconciliation of Non-GAAP Financial Measures (Unaudited)

AIRGAS, INC. AND SUBSIDIARIES

FY98	FY99	FY00	FY01	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15
\$ 0.57	\$ 0.74	\$ 0.55	\$ 0.42	\$ 0.74	\$ 0.96	\$ 1.08	\$ 1.19	\$ 1.62	\$ 1.92	\$ 2.66	\$ 3.13	\$ 2.34	\$ 2.94	\$ 4.00	\$ 4.35	\$ 4.68	\$ 4.85
0.18	—	—	0.10	—	0.03	(0.01)	—	—	—	—	—	—	—	0.19	0.07	—	—
(0.13)	—	(0.02)	(0.05)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
(0.01)	(0.21)	(0.12)	—	—	—	—	—	—	—	—	—	—	—	—	(0.07)	—	—
—	(0.03)	—	—	—	—	(0.02)	—	—	—	—	—	—	—	—	—	—	—
—	—	0.07	0.05	0.09	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	0.03	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	0.02	—	0.02	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	0.04	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	0.01	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	0.18	0.33	(0.06)	—	—	—
—	—	—	—	—	—	—	—	—	0.10	—	—	0.14	0.03	—	—	0.08	—
—	—	—	—	—	—	—	—	—	—	—	—	0.05	0.03	0.04	—	—	—
—	—	—	—	—	—	—	—	—	(0.02)	(0.01)	—	(0.03)	—	(0.06)	—	(0.04)	—
—	—	—	—	—	—	—	—	—	—	0.03	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	—	0.02	—	—	—	—
\$ 0.61	\$ 0.50	\$ 0.51	\$ 0.52	\$ 0.83	\$ 0.99	\$ 1.07	\$ 1.24	\$ 1.64	\$ 2.00	\$ 2.68	\$ 3.13	\$ 2.68	\$ 3.35	\$ 4.11	\$ 4.35	\$ 4.72	\$ 4.85

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

(In thousands)

Years Ended March 31,

	2011	2012	2013	2014	2015
Net cash provided by operating activities	\$ 275,301	\$ 506,406	\$ 550,268	\$ 744,860	\$ 718,037
Adjustments to cash provided by operating activities:					
Cash used by the securitization of trade receivables	295,000	—	—	—	—
Stock issued for employee stock purchase plan	14,997	15,256	17,088	17,313	17,940
Tax benefit realized from exercise of stock options	8,444	17,516	36,160	13,668	16,045
Net cash expenditures related to unsolicited takeover attempt	23,427	35,084	—	—	—
Cash expenditures related to MEPP withdrawals	—	18,323	—	—	—
Adjusted cash from operations	617,169	592,585	603,516	775,841	752,022
Capital expenditures	(256,030)	(356,514)	(325,465)	(354,587)	(468,789)
Adjustments to capital expenditures:					
Operating lease buyouts	9,893	9,218	3,946	4,420	3,159
Proceeds from sales of plant and equipment	15,844	16,365	15,693	15,483	23,083
Adjusted capital expenditures	(230,293)	(330,931)	(305,826)	(334,684)	(442,547)
Free cash flow	\$ 386,876	\$ 261,654	\$ 297,690	\$ 441,157	\$ 309,475

The Company believes its free cash flow financial measure provides investors meaningful insight into its ability to generate cash from operations, which is available for servicing debt obligations and for the execution of its business strategies, including acquisitions, the prepayment of debt, the payment of dividends, or to support other investing and financing activities. The Company's free cash flow financial measure has limitations and does not represent the residual cash flow available for discretionary expenditures. Certain non-discretionary expenditures such as payments on maturing debt obligations are excluded from the Company's computation of its free cash flow financial measure. Non-GAAP financial measures should be read in conjunction with GAAP financial measures, as non-GAAP financial measures are merely a supplement to, and not a replacement for, GAAP financial measures. It should also be noted that the Company's free cash flow financial measure may be different from free cash flow financial measures provided by other companies.

Reconciliation of Non-GAAP Financial Measures (Unaudited)

AIRGAS, INC. AND SUBSIDIARIES

Reconciliation of Net Earnings to Adjusted Net Earnings and Increase in Adjusted Earnings Per Diluted Share

(In thousands, except per share amounts)

Years Ended March 31,	2014	2015
Net earnings	\$ 350,784	\$ 368,086
Loss on the extinguishment of debt, after tax	5,646	—
Income tax benefits	(3,293)	—
Adjusted net earnings	\$ 353,137	\$ 368,086
Diluted shares outstanding	74,910	75,851
Adjusted earnings per diluted share	\$ 4.72	\$ 4.85
Increase in adjusted earnings per diluted share		3%

The Company believes that the increase in adjusted earnings per diluted share provides investors with meaningful insight into the Company's earnings performance without the impact of loss on the extinguishment of debt and state income tax benefits. Non-GAAP financial measures should be read in conjunction with GAAP financial measures, as non-GAAP financial measures are merely a supplement to, and not a replacement for, GAAP financial measures. It should be noted that the Company's adjusted net earnings and adjusted earnings per diluted share financial measures may be different from adjusted net earnings and adjusted net earnings per diluted share financial measures provided by other companies.

Thirty Year Reconciliation of Net Earnings to Adjusted EBITDA

(In thousands)

Years Ended March 31,	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
Net Earnings	\$ 1,796	\$ 2,557	\$ 4,391	\$ 10,423	\$ 37,959	\$ 1,166	\$ 7,292	\$ 12,469	\$ 20,290	\$ 31,479	\$ 39,722	\$ 23,264	\$ 40,541
Add:													
Depreciation & amortization	1,843	5,127	6,085	11,147	17,387	21,158	23,420	28,042	30,571	36,868	45,762	64,428	82,227
Interest expense	1,532	4,751	6,154	12,245	16,198	15,179	12,838	11,403	12,486	17,625	24,862	39,367	52,603
Income taxes	2,021	2,623	2,257	3,326	4,526	3,400	7,718	10,811	16,027	23,894	28,522	20,140	28,281
Other income	(195)	(283)	(909)	(215)	(157)	(870)	(214)	(546)	(453)	(1,067)	(781)	(1,695)	(9,811)
Losses on extinguishment of debt	—	—	—	—	—	—	—	—	—	—	—	—	—
Discount on securitization of receivables	—	—	—	—	—	—	—	—	—	—	—	—	—
Minority interest in earnings of consolidated affiliate	—	69	111	120	260	283	496	230	317	669	662	817	873
Equity in earnings of unconsolidated affiliate	—	—	(1,588)	(2,048)	(1,638)	(1,872)	(1,814)	—	—	—	—	(935)	(1,413)
Discontinued operations	858	(108)	(2,731)	(7,893)	(33,927)	—	—	—	—	—	—	(478)	635
Cumulative effect of change in accounting principle	—	—	—	—	—	—	—	—	—	—	—	—	—
Restructuring and other related costs	—	—	—	—	—	—	—	—	—	—	—	—	—
Costs (benefits) related to unsolicited takeover attempt	—	—	—	—	—	—	—	—	—	—	—	—	—
Multi-employer pension plan withdrawal charges	—	—	—	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	\$ 7,855	\$ 14,736	\$ 13,770	\$ 27,105	\$ 40,608	\$ 38,444	\$ 49,736	\$ 62,409	\$ 79,238	\$ 109,468	\$ 138,749	\$ 144,908	\$ 193,936

The Company believes the above Adjusted EBITDA financial measure helps investors assess the Company's operating performance without the impact of restructuring and other special charges, charges associated with the Company's withdrawal from multi-employer pension plans and costs (benefits) related to Air Products' unsolicited takeover attempt. Non-GAAP financial measures should be read in conjunction with GAAP financial measures, as non-GAAP financial measures are merely a supplement to, and not a replacement for, GAAP financial measures. It should be noted as well that our adjusted EBITDA financial measure may be different from adjusted EBITDA financial measures provided by other companies.