AIRGAS INC
Form 424B2
November 19, 2012
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Information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any place where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(2)
Registration No. 333-167140

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED NOVEMBER 19, 2012

Prospectus Supplement

(To prospectus dated May 27, 2010)

$250,000,000

% Notes due 2022

We are offering $250,000,000 principal amount of % notes due 2022 (the notes). We will pay interest on the notes on and of each year, beginning , 2013. The notes will mature on , 2022. 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.

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange.

Investing in the notes involves risks. See Risk Factors beginning on page S-9 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]	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us[1]	%	$

(1) Plus accrued interest from , 2012, 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 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 , 2012.

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

RBS

HSBC

PNC Capital Markets LLC

Santander

The date of this prospectus supplement is , 2012

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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 jurisdictions 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 Securities and Exchange Commission (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, 2012
Current Reports on Form 10-Q	Quarters ended June 30, 2012 and September 30, 2012
Current Reports on Form 8-K	As filed on May 3, 2012 (Item 5.02 only), August 15, 2012 and October 23, 2012 (Item 8.01 only)
Definitive Proxy Statement on Schedule 14A	As filed on July 9, 2012, 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, 2012

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 notes. 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 or the accompanying prospectus.

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 benefits to be derived from the SAP (as defined in Prospectus Supplement Summary) implementation in fiscal 2013 and run-rate operating benefits by December 31, 2013; conversion of the remaining regional distribution companies to the SAP platform; the Company s expectations of earnings of $1.03 to $1.09 per diluted share for the quarter ending December 31, 2012 and earnings of $4.42 to $4.57 per diluted share for the fiscal year ending March 31, 2013, for which both periods include the Company s estimates of restructuring and related costs, SAP implementation costs and SAP-related depreciation expense, net of expected benefits, and year-over-year declines from the impact of lower sales due to helium supply constraints and for which the full fiscal year period includes a $0.07 gain on the sale of businesses in the first fiscal quarter and the Company s estimate for the year-over-year impact of two fewer selling days; improvement in the helium supply chain; the time frame to regain lost customers and the recovery from year-over-year headwinds related to helium supply constraints; the Company s expectations of the completion of, and the benefits to be achieved in connection with, its realignment and consolidation into four new divisions and estimates of the remaining fiscal 2013 restructuring charges and related costs of approximately $5 million; modest growth for most of our customer segments; expectations for low to mid-single digit same-store sales growth in our core distribution business in fiscal 2013; the Company s expectation as to the long-term growth profiles of its strategic products; the continued supply of feedstock from a supplier that intends to cease operations of its hydrogen plant in calendar year 2013; the Company s expectation that its overall effective income tax rate for fiscal 2013 will be approximately 38% of pre-tax earnings; the Company s belief that it will not need to repatriate cash held outside of the U.S.; the Company s intent to permanently reinvest the cash held outside of the U.S. in its foreign operations; 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 estimate that for every 25-basis-point increase in the London Interbank Offered Rate (LIBOR), annual interest expense will increase approximately $2.5 million; 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. 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 those forecasted by the Company; continued or increased disruption in our helium supply chain; 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 2013 than those estimated by the Company resulting from changes in tax laws and the impact of changes in tax laws on the Company s consolidated results, changes in reserves and other estimates; the tax impact in the event that the Company repatriates cash from its foreign operations; 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

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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, including the current shortage of helium, and the resulting inability of the Company to meet customer gas 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 those 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 realignment of its divisional structure; conversion problems related to the SAP system that disrupt the Company s business and negatively impact customer relationships as well as the timely collection of accounts receivable; the Company s expectation as to completion of the conversion to SAP; the inability to retain employees to be affected by the reorganization prior to its completion; potential disruption to the Company s business related to the realignment; the impact of the management transition; potential disruption to the Company s business from integration problems associated with acquisitions; the Company s ability to successfully identify, consummate and integrate acquisitions to achieve anticipated acquisition synergies; 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 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; and the effects of, and changes in, the economy, monetary 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, with a significant position in the U.S. bulk gas distribution market. We are also a leading U.S. producer of atmospheric gases, carbon dioxide, dry ice and nitrous oxide, one of the largest U.S. distributors of safety products, and a leading distributor of refrigerants, ammonia products and process chemicals. During the fiscal year ended March 31, 2012, we had net sales of $4.75 billion and credit serviceable EBITDA of $852.1 million. In addition, during the six months ended September 30, 2012, we had net sales of $2.49 billion and credit serviceable EBITDA of $457.4 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 our largest customer accounting for approximately 0.5% of net sales, our revenues are not dependent on a single or small group of customers or industry segments. We market our products and services through multiple sales channels, including branch-based sales representatives, retail stores, strategic customer account programs, telesales, catalogs, eBusiness and independent distributors. Products reach our customers through an integrated network of more than 15,000 employees and approximately 1,100 locations including branches, retail stores, gas fill plants, specialty gas labs, production facilities and distribution centers. Our product and service offering, full range of supply modes, national scale and strong local presence offer a competitive edge to our diversified base of more than one million customers.

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, 2012. 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 58% of the Distribution business segment s sales in fiscal year 2012. Hardgoods consist of welding consumables and equipment, safety products, construction supplies, and maintenance, repair and operating supplies. Hardgoods sales represented 42% of the Distribution business segment s sales in fiscal year 2012.

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, 2012.

We operate in 49 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, 67 regional specialty gas laboratories, 11 national specialty gas laboratories, one research and development center, two specialty gas equipment centers, 13 acetylene plants and 16 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, eight liquid carbon dioxide and 14 dry ice production facilities, and three 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, liquid dewars, and 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 October 23, 2012, we announced a program to repurchase up to $600 million of our outstanding shares of common stock. As of October 22, 2012, we had approximately 77.3 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 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 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 and safety products);

- enhanced training, tools and resources for all associates, including installing a new enterprise information system (SAP);

- the alignment of our twelve regional distribution companies into four new divisions, the consolidation of our regional company accounting and certain administrative functions into four newly created Business Support Centers (BSCs) and a related change in our legal entity structure, allowing us to more effectively utilize our resources across regional company boundaries and to form an operating structure that will help leverage the full benefits of the new SAP platform;

- 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.

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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 % notes due 2022.
Maturity	The notes will mature on , 2022.
Further Issuances	We may create and issue additional notes ranking equally and ratably with the notes in all respects (except for the public offering price, issue date, the initial interest accrual date and, if applicable, the initial interest payment date), 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 % per year.
Interest Payment Dates	and of each year, commencing , 2013.
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 September 30, 2012, after giving effect to this offering, and the use of proceeds therefrom, we had indebtedness of approximately $2.09 billion (excluding intercompany

	liabilities) and $1.5 billion of this indebtedness ranks equally with the notes. In addition, as of September 30, 2012, our subsidiaries had approximately $1.7 billion of liabilities (excluding intercompany liabilities), which are structurally senior to the notes (of which $46 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 $247.7 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 commercial paper program and to repurchase shares pursuant to our stock repurchase program. Initially, we expect to use the net proceeds to repay indebtedness under our commercial paper program.
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, 2011 and 2012 and for the years ended March 31, 2010, 2011 and 2012 are derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. The consolidated historical financial data as of September 30, 2012 and for the six months ended September 30, 2011 and 2012 are derived from the unaudited 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, 2012 and our Quarterly Report on Form 10-Q of the fiscal quarter ended September 30, 2012, which are incorporated by reference herein.

	Year Ended March 31,			Six Months Ended September 30,	
	2012	2011	2010	2012	2011
		(in thousands)		(in thousands)	
Statement of Earnings Data:					
Net sales	$ 4,746,283	$ 4,251,467	$ 3,875,153	$ 2,486,866	$ 2,351,383
Cost of products sold (excluding depreciation expense)	2,175,430	1,913,280	1,727,920	1,121,051	1,082,873
Selling, distribution and administrative expenses	1,727,769	1,574,072	1,489,305	918,432	846,883
Restructuring and other special charges	24,448			8,155	15,830
Costs (benefits) related to unsolicited takeover attempt	(7,870)	44,406	23,435		(6,700)
Depreciation	245,076	225,383	212,718	129,016	120,649
Amortization	25,209	25,135	22,231	13,336	12,404
Operating income	556,221	469,191	399,544	296,876	279,444
Interest expense, net	(66,337)	(60,054)	(63,310)	(31,630)	(34,074)
Discount on securitization of trade receivables			(5,651)		
Losses on the extinguishment of debt		(4,162)	(17,869)		
Other income, net	2,282	1,958	1,332	9,524	149
Earnings before income taxes	492,166	406,933	314,046	274,770	245,519
Income taxes	(178,792)	(156,669)	(117,780)	(102,952)	(92,671)
Net earnings	$ 313,374	$ 250,264	$ 196,266	$ 171,818	$ 152,848
Cash Flow Statement Data:					
Capital expenditures	$ (356,514)	$ (256,030)	$ (252,828)	$ (162,199)	$ (166,812)
Net cash provided by operating activities	506,406	275,301	600,047	263,949	201,252
Net cash used in investing activities	(502,094)	(261,767)	(322,281)	(161,492)	