

AIRGAS INC  
Form DEFM14A  
January 22, 2016

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

Airgas, Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3)

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Date Filed:

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January 22, 2016

Dear Stockholder:

You are cordially invited to attend a special meeting of the stockholders of Airgas, Inc., a Delaware corporation (“Airgas,” the “Company,” “we,” “our” or “us”), which we will hold at the Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania 19428 at 11:00 a.m. local time on February 23, 2016 (such meeting, the “special meeting”).

At the special meeting, holders of our common stock, par value \$0.01 per share (“common stock”), will be asked to consider and vote on (1) a proposal to adopt the Agreement and Plan of Merger (as it may be amended from time to time, the “merger agreement”), dated as of November 17, 2015, by and among the Company, L’Air Liquide, S.A., a société anonyme organized under the laws of France (“Air Liquide”) and AL Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Air Liquide (“Merger Sub”), pursuant to which Merger Sub will be merged with and into the Company (the “merger”), (2) a proposal to approve, on an advisory (non-binding) basis, specified merger-related compensation that may be paid or become payable to the Company’s principal executive officers, principal financial officer and three most highly compensated executive officers other than the principal executive officers and principal financial officer (collectively, the “named executive officers”) in connection with the merger and (3) a proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement. If the merger agreement is adopted and the merger is completed, the Company will become an indirect wholly owned subsidiary of Air Liquide and, at the effective time, each share of common stock issued and outstanding immediately prior to the effective time of the merger (other than dissenting shares and shares owned by the Company, Air Liquide or Merger Sub or any of their subsidiaries) will be canceled and converted into the right to receive \$143.00 in cash, without interest, and subject to any applicable withholding taxes.

The Airgas board of directors has unanimously determined that the merger agreement and the merger are advisable, fair to and in the best interests of the Company and its stockholders and has unanimously approved the merger agreement and the merger. The Airgas board of directors unanimously recommends that the stockholders of the Company vote (1) “FOR” the proposal to adopt the merger agreement, (2) “FOR” the advisory (non-binding) proposal to approve specified compensation that may be paid or become payable to the named executive officers in connection with the merger and (3) “FOR” the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies.

The enclosed proxy statement describes the merger agreement, the merger, and the compensation that may be paid or become payable to named executive officers of the Company in connection with the merger and provides specific information concerning the special meeting and the parties involved. A copy of the merger agreement is attached as Annex A to the proxy statement. We urge you to, and you should, read the entire proxy statement carefully, including its annexes and the documents incorporated by reference in the proxy statement, as it sets forth the details of the merger agreement and other important information related to the merger. In addition, you may obtain information about us from documents filed with the Securities and Exchange Commission (the “SEC”).

Your vote is very important. The merger cannot be completed unless holders of a majority of the outstanding shares of common stock entitled to vote at the special meeting vote in favor of the proposal to adopt the merger agreement. A failure to vote your shares of common stock on the proposal to adopt the merger agreement will have the same effect as a vote “AGAINST” the proposal to adopt the merger agreement.

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While stockholders may exercise their right to vote their shares in person, we recognize that many stockholders may not be able to attend the special meeting. Accordingly, we have enclosed a proxy that will enable your shares of common stock to be voted on the matters to be considered at the special meeting even if you are unable to attend. If you desire your shares of common stock to be voted in accordance with the Airgas board's recommendation on all proposals, you need only sign, date and return the proxy in the enclosed postage-paid envelope. Otherwise, please mark the proxy to indicate your voting instructions; sign and date the proxy; and return it in the enclosed postage-paid envelope. You also may submit a proxy by using a toll-free telephone number or the Internet. We have provided instructions on the proxy card for using these convenient services. You may revoke your proxy at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement. If you are a stockholder of record, you may revoke your proxy by attending the meeting and voting in person. Submitting a proxy will not prevent you from voting your shares of common stock in person if you subsequently choose to attend the special meeting.

If you hold your shares of common stock in "street name" through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares of common stock. Without those instructions, your shares of common stock will not be voted, which will have the same effect as voting "AGAINST" the proposal to adopt the merger agreement.

If you fail to vote or submit your proxy, the effect will be that your shares of common stock may not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement.

If you have any questions or need assistance in voting your shares, please contact our proxy solicitor, Innisfree M&A Incorporated at (877) 825-8621.

Thank you for your continued support.

Sincerely,

Peter McCausland  
Executive Chairman

Neither the SEC nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger, the merger agreement or the other transactions contemplated thereby or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense. This proxy statement is dated January 22, 2016 and is first being mailed to stockholders on or about January 22, 2016.

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AIRGAS, INC.

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON

FEBRUARY 23, 2016

TO OUR STOCKHOLDERS:

NOTICE IS HEREBY GIVEN that a Special Meeting of the Stockholders of Airgas, Inc., a Delaware corporation (“Airgas,” the “Company,” “we,” “our” or “us”), will be held at the Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania 19428 at 11:00 a.m. local time on February 23, 2016 (such meeting, the “special meeting”), to consider and vote upon the following proposals:

(1)

to adopt the Agreement and Plan of Merger (as it may be amended from time to time, the “merger agreement”), dated as of November 17, 2015, by and among the Company, L’Air Liquide, S.A., a société anonyme organized under the laws of France (“Air Liquide”), and AL Acquisition Corporation, a Delaware corporation and an indirect wholly owned subsidiary of Air Liquide (“Merger Sub”);

(2)

to approve, on an advisory (non-binding) basis, specified compensation that may be paid or become payable to the Company’s principal executive officers, principal financial officer and three most highly compensated executive officers other than the principal executive officers and principal financial officer (collectively, the “named executive officers”) in connection with the merger; and

(3)

to approve the adjournment of the special meeting, if necessary or appropriate, including to solicit additional proxies if there are insufficient votes at the time of the special meeting to approve the proposal to adopt the merger agreement.

Stockholders will also act upon other business as may properly come before the special meeting or any adjournment or postponement thereof by or at the direction of the Airgas board of directors.

The holders of record of our common stock, par value \$0.01 per share (“common stock”), at the close of business on January 22, 2016, are entitled to notice of and to vote at the special meeting or at any adjournment or postponement thereof. Attendance at the special meeting will be limited to Airgas stockholders as of the close of business on the record date or their authorized representatives, as more fully described under the section entitled “The Special Meeting — Date, Time and Place of the Special Meeting.” You must have an admission ticket, as well as a form of government-issued photo identification, in order to be admitted to the special meeting. If you are an Airgas stockholder of record and received a printed copy of Airgas’ proxy materials, you must bring the admission ticket portion of your proxy card to be admitted to the special meeting. If you are a beneficial owner and your shares are held in the name of a broker, bank or other nominee, you must request an admission ticket in advance by mailing a request, along with proof of your ownership of Airgas common stock as of the close of business on the record date of January 22, 2016 to Airgas, Inc., 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087, Attention: Corporate Secretary. Proof of ownership would be a bank or brokerage account statement in your name showing the number of shares of Airgas common stock held by you on the record date or a letter from your broker, bank or other nominee certifying the amount of your beneficial ownership interest as of the close of business on the record date. The Airgas board of directors has unanimously determined that the merger agreement and the merger are advisable, fair to and in the best interests of the Company and its stockholders and has unanimously approved the merger agreement and the merger. The Airgas board of directors unanimously recommends that the stockholders of the Company vote (1) “FOR” the proposal to adopt the merger agreement, (2) “FOR” the advisory (non-binding) proposal to approve specified compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and (3) “FOR” the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies.

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Your vote is important, regardless of the number of shares of common stock you own. The adoption of the merger agreement by the affirmative vote of holders of a majority of the outstanding shares of common stock entitled to vote at the special meeting is a condition to the consummation of the merger. Each of the advisory (non-binding) proposal to approve specified compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies, requires the affirmative vote of holders of a majority of the shares of common stock present at the meeting and entitled to vote thereon. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy in the enclosed postage-paid envelope or that you submit your proxy by either telephone or on the Internet by following the instructions on the proxy card, thereby ensuring that your shares of common stock will be represented at the special meeting if you are unable to attend. If you sign, date and return your proxy card without indicating how you wish to vote, your proxy will be voted (1) “FOR” the adoption of the merger agreement, (2) “FOR” the advisory (non-binding) proposal to approve specified compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and (3) “FOR” the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies.

If you hold your shares of common stock in “street name” through a broker, bank or other nominee, you should follow the directions provided by your broker, bank or other nominee regarding how to instruct your broker, bank or other nominee to vote your shares of common stock. Without those instructions, your shares of common stock will not be voted.

If you fail to vote or submit your proxy, the effect will be that your shares of common stock may not be counted for purposes of determining whether a quorum is present at the special meeting and will have the same effect as a vote “AGAINST” the adoption of the merger agreement, but, assuming a quorum is present, will not affect the advisory (non-binding) proposal to approve specified compensation that may be paid or become payable to the named executive officers of the Company in connection with the merger and the proposal to adjourn the special meeting, if necessary or appropriate, including to solicit additional proxies.

Under Delaware law, stockholders who do not vote in favor of the proposal to adopt the merger agreement will have the right to seek appraisal of the fair value of their shares of the Company as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for such an appraisal before the vote on the proposal to adopt the merger agreement and comply with the other Delaware law procedures explained in the accompanying proxy statement.

You may revoke your proxy at any time before the vote at the special meeting by following the procedures outlined in the accompanying proxy statement. If you are a stockholder of record, you may revoke your proxy by attending the meeting and voting in person.

By order of the Board of Directors,

Robert H. Young, Jr.  
Senior Vice President, General Counsel and Secretary  
Radnor, Pennsylvania  
January 22, 2016

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SUMMARY

This summary highlights selected information contained in this proxy statement, including with respect to the merger agreement and the merger. We encourage you to, and you should, read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement, as this summary may not contain all of the information that may be important to you in determining how to vote. We have included page references to direct you to a more complete description of the topics presented in this summary. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions under the section entitled “Where You Can Find More Information.”

The Companies (page 19)

Airgas, Inc.

Airgas, Inc., referred to as “Airgas,” the “Company,” “we,” “our” or “us,” is a Delaware corporation. Airgas is one of the nation’s leading suppliers of industrial, medical and specialty gases, and hardgoods, such as welding equipment and related products. Airgas is a leading U.S. producer of atmospheric gases, carbon dioxide, dry ice and nitrous oxide, one of the largest U.S. suppliers of safety products, and a leading U.S. supplier of refrigerants, ammonia products and process chemicals. Airgas’ production network and supply agreements, full range of gas supply modes (from cylinders to truckload quantities to on-site pipeline supply) and national footprint make it one of the few fully-integrated industrial gas companies in the United States. The Company also offers supply chain management services and solutions, and product and process technical support across many diverse customer segments.

Additional information about Airgas is contained in its public filings, which are incorporated by reference herein. See the section entitled “Where You Can Find Additional Information.”

L’Air Liquide, S.A.

L’Air Liquide, S.A., referred to as “Air Liquide,” is a société anonyme organized under the laws of France. Air Liquide is a world leader in gases, technologies and services for industry and health. Air Liquide is present in 80 countries, with more than 50,000 employees and serves more than 2 million customers and patients. Oxygen, nitrogen and hydrogen have been at the core of Air Liquide’s activities since its creation in 1902. Air Liquide’s ambition is to be the leader in its industry, delivering long-term performance and acting responsibly. See the section entitled “The Companies — L’Air Liquide, S.A..”

AL Acquisition Corporation

AL Acquisition Corporation, referred to as “Merger Sub,” is a Delaware corporation and an indirect wholly owned subsidiary of Air Liquide that was formed solely for the purpose of entering into the merger agreement and consummating the transactions contemplated by the merger agreement. See the section entitled “The Companies — AL Acquisition Corporation.”

The Merger (page 25)

You will be asked to consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of November 17, 2015, by and among the Company, Air Liquide and Merger Sub, which, as it may be amended from time to time, is referred to in this proxy statement as the “merger agreement.” The merger agreement provides, among other things, that at the effective time of the merger (the “effective time”), Merger Sub will be merged with and into the Company, with the Company surviving the merger (the “surviving corporation”) as an indirect wholly owned subsidiary of Air Liquide, and each outstanding share of common stock, par value \$0.01 per share, of the Company (referred to in this proxy statement as the “common stock,” the “Company common stock” or the “Airgas common stock”), other than shares for which the holders thereof have properly demanded appraisal under Delaware law (such shares, “dissenting shares”) and shares owned by the Company, Air Liquide or Merger Sub or any of their subsidiaries, will be converted into the right to receive \$143.00 in cash, without interest, and subject to any applicable withholding tax.

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The Company will thereby become an indirect wholly owned subsidiary of Air Liquide, the common stock will no longer be publicly traded and the Company's existing stockholders will cease to have any ownership interest in the Company.

The Special Meeting (page 20)

The special meeting will be held at the Philadelphia Marriott West, 111 Crawford Avenue, West Conshohocken, Pennsylvania 19428 at 11:00 a.m. local time on February 23, 2016 (the "special meeting").

Record Date and Quorum (page 21)

The holders of record of the common stock as of the close of business on January 22, 2016 (the record date for determination of stockholders entitled to notice of and to vote at the special meeting) are entitled to receive notice of and to vote at the special meeting.

The presence at the special meeting, in person or by proxy, of the holders of record of a majority of the common stock outstanding at the close of business on the record date will constitute a quorum, permitting the Company to conduct its business at the special meeting.

Required Vote (page 21)

Each share of common stock outstanding at the close of business on the record date is entitled to one vote at the special meeting.

For the Company to complete the merger, stockholders holding a majority of the shares of common stock outstanding at the close of business on the record date must vote "FOR" the proposal to adopt the merger agreement. A failure to vote your shares of common stock or an abstention from voting for the proposal to adopt the merger agreement will have the same effect as a vote "AGAINST" the proposal to adopt the merger agreement.

As of the record date, there were 72,381,288 shares of common stock outstanding.

We currently expect that the Company's directors and executive officers will vote their shares, representing approximately 12.0% of the outstanding shares of Airgas common stock, in favor of the proposal to adopt the merger agreement and the other proposals to be considered at the special meeting; although, except as described in the following sentence, they have no obligation to do so. Mr. Peter McCausland, our Executive Chairman, his wife, Ms. Bonnie McCausland and certain trusts of which their family members are beneficiaries, have signed a voting and support agreement pursuant to which they have agreed to vote 6,796,442 shares of Airgas common stock, or approximately 9.3% of the outstanding shares of Airgas common stock, and any other shares of Airgas common stock they own at the record date in favor of the proposal to adopt the merger agreement.

Conditions to Completion of the Merger (page 67)

Each party's obligation to complete the merger is subject to the satisfaction or waiver of the following conditions:

- the adoption of the merger agreement by the required vote of the Company's stockholders;
- no injunction by any court or other tribunal of competent jurisdiction shall have been entered and shall continue to be in effect and no law shall have been adopted that remains in effect or be effective, in each case that prevents, enjoins, prohibits or makes illegal the consummation of the merger;
- all waiting periods applicable to the merger under the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act") shall have expired or been terminated; and
- Committee on Foreign Investment in the United States ("CFIUS") clearance shall have been obtained, as described in the section entitled "The Merger Agreement — Other Covenants and Agreements — Efforts to Complete the Merger."

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The respective obligations of Air Liquide and Merger Sub to complete the merger are subject to the satisfaction or waiver of the following additional conditions:

- the accuracy of the representations and warranties of the Company both at and as of November 17, 2015 and at and as of the closing date of the merger (the “closing date”) (except for any such representations and warranties made as of a particular date or period, which representations and warranties must be true and correct only as of that date or period), subject to a material adverse effect standard or other materiality standard provided in the merger agreement;
- the Company having performed and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by it prior to the effective time; and
- the delivery of an officer’s certificate by the Company certifying that the conditions described in the two preceding bullet points have been satisfied.

The obligation of the Company to complete the merger is subject to the satisfaction or waiver of the following additional conditions:

- the accuracy of the representations and warranties of Air Liquide and Merger Sub both at and as of November 17, 2015 and at and as of the closing date (except for any such representations and warranties made as of a particular date or period, which representations and warranties must be true and correct only as of that date or period), subject to a material adverse effect standard or other materiality standard provided in the merger agreement;
- Air Liquide and Merger Sub having performed and complied in all material respects with all covenants required by the merger agreement to be performed or complied with by them prior to the effective time; and
- the delivery of an officer’s certificate by Air Liquide and Merger Sub certifying that the conditions described in the two preceding bullet points have been satisfied.

When the Merger Becomes Effective (page 54)

The completion of the merger is subject to the adoption of the merger agreement by the Company’s stockholders and the satisfaction of the other closing conditions.

Reasons for the Merger; Recommendation of the Airgas Board of Directors (page 30)

The Airgas board of directors unanimously recommends that the stockholders of the Company vote “FOR” the proposal to adopt the merger agreement. For a description of the reasons considered by the Airgas board of directors in deciding to recommend adoption of the merger agreement, see the section entitled “The Merger (Proposal 1) — Reasons for the Merger; Recommendation of the Airgas Board of Directors.”

Opinion of Airgas’ Financial Advisors (page 32)

BofA Merrill Lynch. On November 17, 2015, Merrill Lynch, Pierce, Fenner & Smith Incorporated (which we refer to as “BofA Merrill Lynch”) rendered to the Airgas board of directors its oral opinion, subsequently confirmed in writing, to the effect that, as of November 17, 2015 and based upon and subject to the assumptions made, procedures followed, factors considered and limitations and qualifications described in BofA Merrill Lynch’s written opinion, the merger consideration to be received in the merger by the holders of shares of Airgas common stock was fair, from a financial point of view, to such holders.

The full text of the written opinion of BofA Merrill Lynch, dated November 17, 2015, to the Airgas board of directors, which describes, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken, is attached as Annex B to this proxy statement. BofA Merrill Lynch delivered its opinion

for the benefit and use of the Airgas board of directors (in its capacity as such) in connection with and for purposes of its evaluation of the merger. BofA Merrill Lynch's opinion did not address any other term or aspect of the merger and no opinion or view was expressed by BofA Merrill Lynch as to the relative merits of the merger in comparison to other strategies or transactions that might be available

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to Airgas or in which Airgas might engage or as to the underlying business decision of Airgas to proceed with or effect the merger. BofA Merrill Lynch expressed no opinion or recommendation as to how any Airgas stockholder should vote or act in connection with the merger or any related matter. BofA Merrill Lynch's opinion speaks as of the date rendered and not as of any subsequent date, including the date on which the merger is completed. Although subsequent developments may affect its opinion, BofA Merrill Lynch does not have any obligation to update, revise or reaffirm its opinion.

Goldman, Sachs & Co. On November 17, 2015, at a meeting of the Airgas board of directors, Goldman, Sachs & Co. (which we refer to as "Goldman Sachs") rendered to the Airgas board of directors its oral opinion, subsequently confirmed in writing, to the effect that, as of November 17, 2015 and based upon and subject to the factors and assumptions set forth in Goldman Sachs' written opinion, the merger consideration to be paid