Airgas®

Financial Review

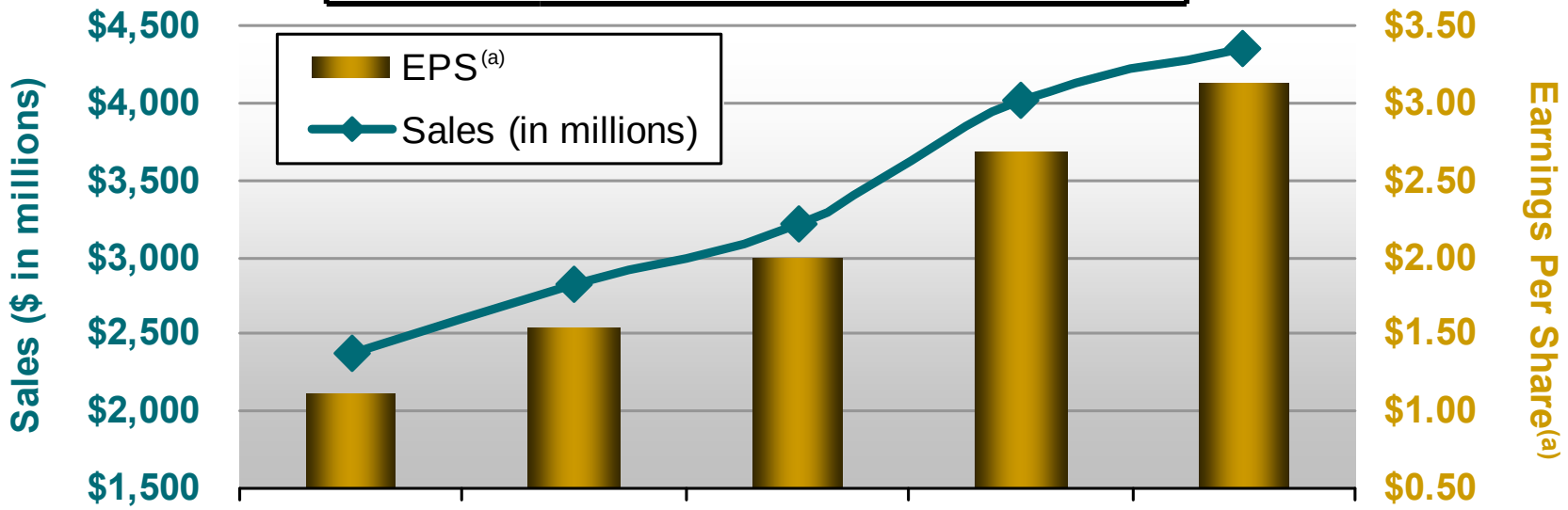
Robert M. McLaughlin
Senior Vice President
& Chief Financial Officer

Strong Financial Profile

- Proven track record of strong sales and earnings growth
- Targeting significant expansion of operating margins and ROC
  - Above-market growth – executing on sales growth accelerators
  - Operating culture / productivity improvement focus – improving expense leverage
- Strong free cash flow
- Stability through economic cycles
  - Diverse customer / industry / geographic exposure
  - Cylinder rent
- Strong balance sheet / credit ratios

Value Created Here

	5-Year CAGR	
	Airgas	S&P 500[b]
Sales	19%	7%
EPS [a]	24%	2%



8.6%	Operating Margin	12.1%
10.0%	Return on Capital [c]	12.7%

Strong SSS, Effective Cost/Price Management, and Infrastructure Leverage

(a) EPS is presented on an adjusted basis. Reconciliations to comparable measures under GAAP are attached
(b) Source: Bloomberg
(c) See attached non-GAAP reconciliations

Flashback to Sep-07 Analyst Meeting

Stability Through Economic Cycles

- Diverse customer, industry, and geography mix
- Broader product mix targets counter- and non-cyclical industries
- Strong and stable cylinder rental revenue stream
- If economy slips, we can react quickly:
  - Nationwide network of managers close to customers, able to identify early warning signs
  - Operating infrastructure vastly improved over past 3 years, cost containment abilities enhanced
  - Reduce capital spending, working capital
  - Free cash flow available to reduce debt and/or capitalize on strategic opportunities

Quarterly Trends

	1Q09	2Q09	3Q09	4Q09	1Q10	2Q10
Sales	$1,117M	$1,162M	$1,079M	$992M	$979M	$962M
Sales/Day	$17.5M	$18.2M	$17.4M	$15.7M	$15.3M	$15.0M
Seq. Chg.	3%	4%	-4%	-10%	-3%	-2%
SSS	7%	8%	1%	-13%	-17%	-19%
EBITDA[(a)]	$188M	$200M	$186M	$172M	$165M	$168M
EBITDA Margin	16.9%	17.2%	17.2%	17.4%	16.8%	17.5%
EPS	$0.81	$0.86	$0.76	$0.68	$0.66	$0.65 [(b)]

- EBITDA margins preserved in difficult economy
- Relatively stable rental revenue
- Quick, effective expense reduction
- Strategic Accounts / Products outperformed core industrial business
- Appear to be bottoming out in 2Q10

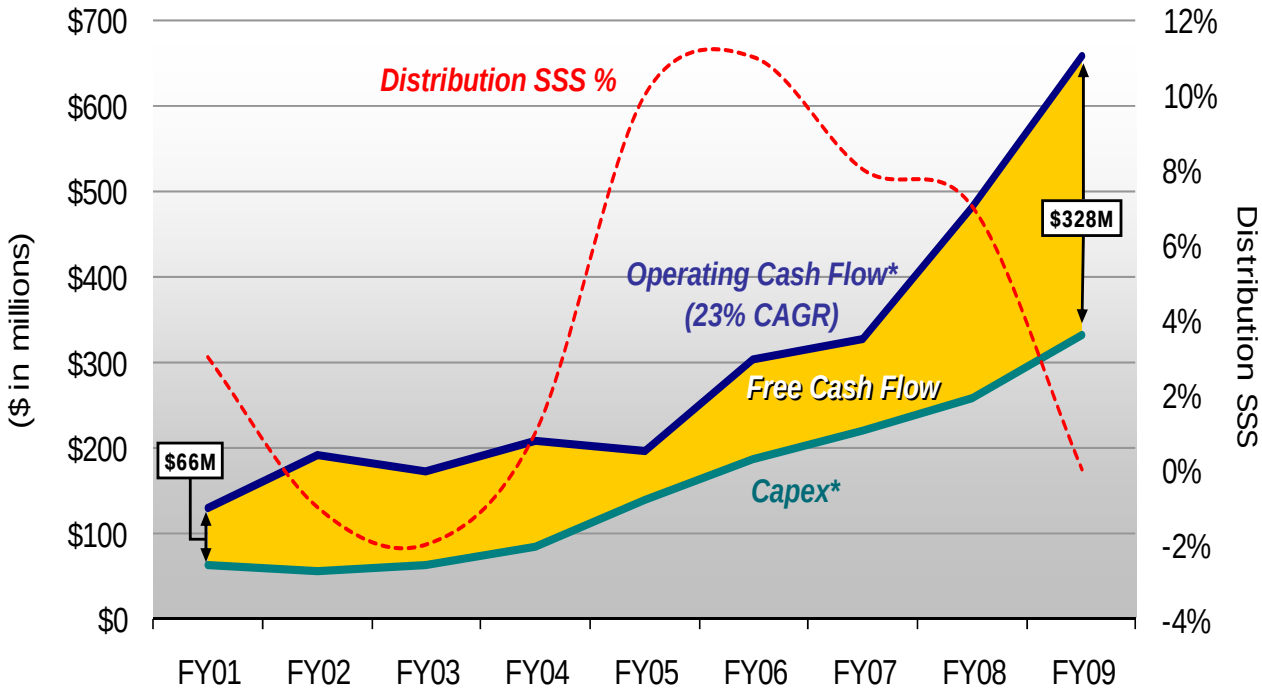
(a) See attached non-GAAP reconciliations.

(b) Includes $0.03 charges related to extinguishment of debt and multi-employer pension plan.

Multiple Earnings Levers

- Flexible cost structure
  - Implemented $57M in annual cost savings between December 2008 and September 2009, including reductions in staffing, other personnel expense, and discretionary spending
  - Add back of expense will be tightly managed
- Operating efficiency programs
  - Achieved $10M run-rate in FY10; $25M+ cumulative
  - Targeting incremental $10M per year over next 4 years
  - Bulk and cylinder distribution logistics
  - Cylinder fill plant and testing efficiencies
  - Optimize hardgoods supply chain
- Reduce Capex and working capital
- Infrastructure capable of supporting significant sales growth, enhancing profitability

Strong Cash Flow

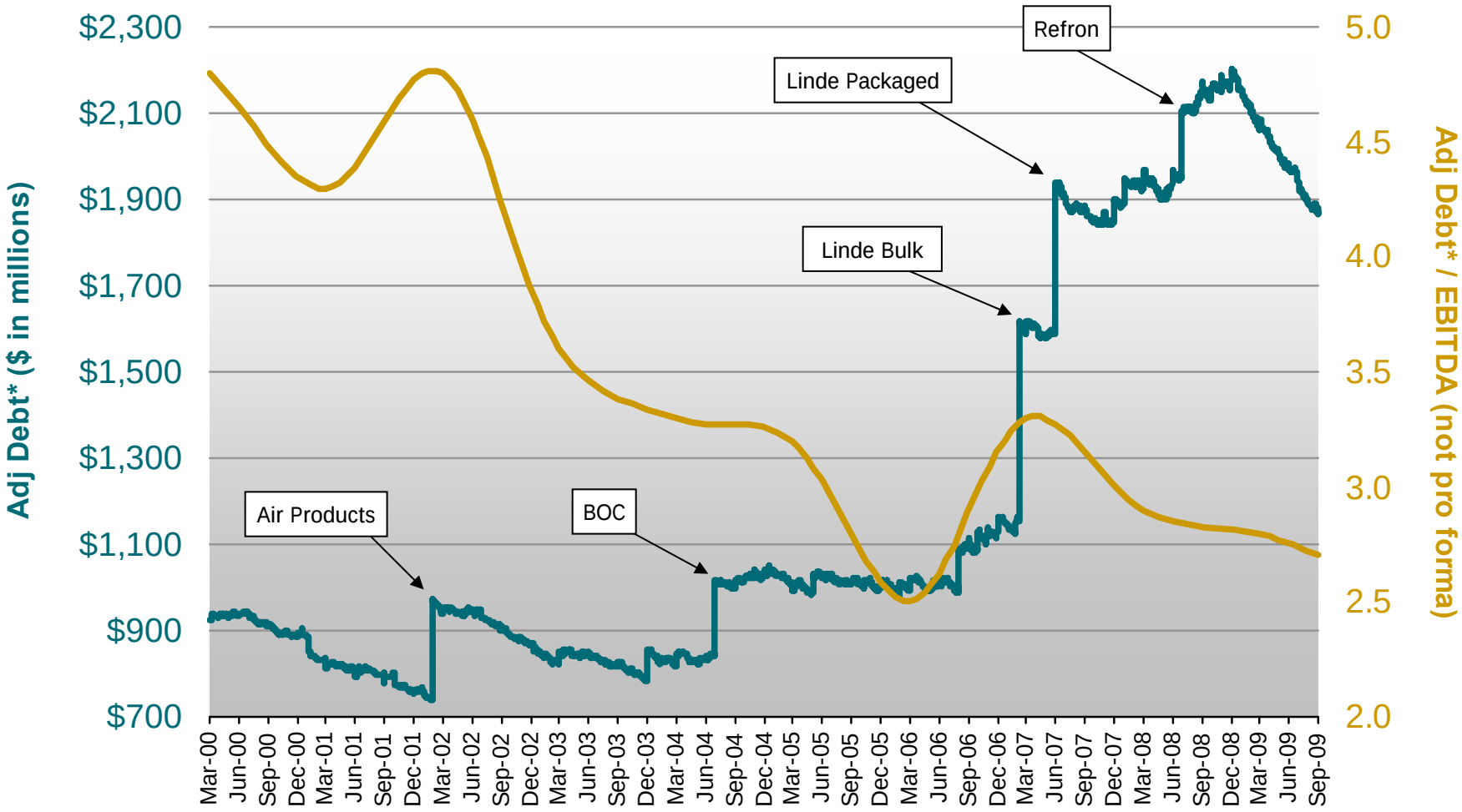


- **TTM 9/30/09 FCF = $439M**
  - Debt paydown $272M
  - Acquisitions $83M
  - Dividends $55M
  - Share repurchases $25M

Growth capex and working capital reduced in slower growth periods, generating incremental FCF

* Operating Cash Flow and Capex are presented on an adjusted basis. Reconciliations to comparable measures under GAAP are attached.

Proven Ability to Reduce Leverage



* Adjusted debt includes the accounts receivable securitization and, prior to October 2004, the synthetic lease financing. Reconciliations to comparable measures under GAAP are attached, and are available on the Company's website

Capital Structure

- Upgraded to investment grade:
  - S&P: BBB Stable Outlook
  - Moody's: Baa3 Positive Outlook
- Revised our capital structure guidelines – based on strong cash flow and scale of operations:
  - Debt / EBITDA of 2.0X to 3.0X (2.7X as of Nov-09)
  - Debt / Capital 45% to 60% (53% as of Nov-09)
- These more conservative guidelines will not:
  - Impede our ability to finance acquisitions
  - Reduce our ability to return cash flow to investors through share repurchases and dividend increases, as appropriate

Upcoming Financing Transactions

- We remain confident in our ability to refinance our AR Securitization and Credit Facility coming due over next 18 months
  - The 5-year note offering in September was very successful – 4.5% coupon – 5x over-subscribed
  - We continue to have good banking relationships
- Current refinancing rates are higher than our existing credit facility, which is LIBOR+50
- As our credit profile and credit ratings continue to improve, we will have more levers to pull to reduce borrowing costs

Mid-Term Financial Goals

TTM 9/30/09	Assumptions	FY13-14 Goals
Sales $4B	• Acquired Sales CAGR ~3% • SSS CAGR ~5%-7%	Sales $5.5B+
Operating Margin 11.5%	• Cost Savings Initiatives ~70-90 bps • Op. Leverage on Sales Growth ~100-150 bps	Operating Margin 13%-14%
ROC* 10.8%	• Revenue Growth • Op. Margin Expansion • Capex 5-6% of sales	ROC* 14.5%-15.5%

Additional Assumptions

- Core products CAGR 3-5%; Strategic Products CAGR 7-9%
- $150M in sales acquired annually
- GDP and Non-Tech IP avg annual growth rate 2-3%

* See attached non-GAAP reconciliations