

Airgas Inc.

S&P Recommendation **STRONG BUY** ★★★★★

Price
\$60.10 (as of May 16, 2008)

12-Mo. Target Price
\$65.00

Investment Style
Mid-Cap Growth

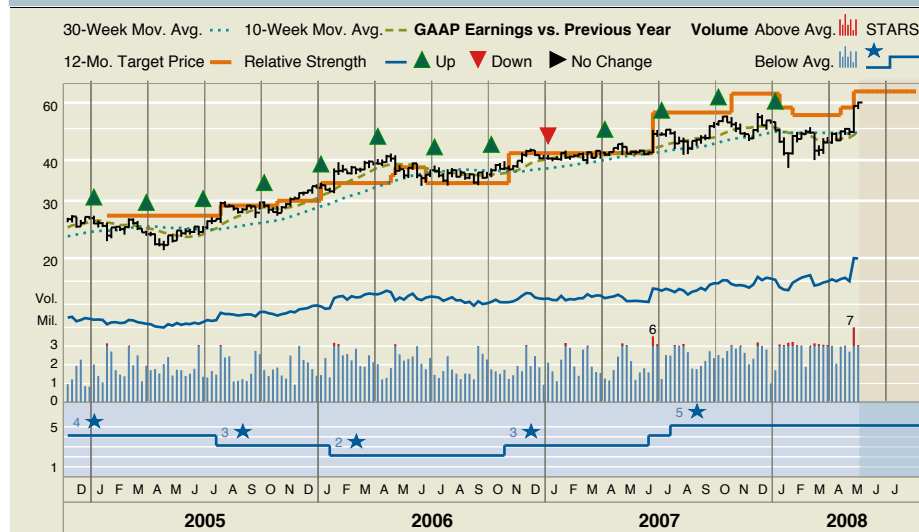
GICS Sector Materials
Sub-Industry Industrial Gases

Summary This leading distributor of industrial, medical and specialty gases and related equipment also distributes safety and other disposable supplies.

Key Stock Statistics (Source S&P, Vickers, company reports)

52-Wk Range	\$60.53– 37.84	S&P Oper. EPS 2009E	3.30	Market Capitalization(B)	\$4.957	Beta	1.33
Trailing 12-Month EPS	\$2.66	S&P Oper. EPS 2010E	NA	Yield (%)	0.80	S&P 3-Yr. Proj. EPS CAGR(%)	20
Trailing 12-Month P/E	22.6	P/E on S&P Oper. EPS 2009E	18.2	Dividend Rate/Share	\$0.48	S&P Credit Rating	BB+
\$10K Invested 5 Yrs Ago	\$34,937	Common Shares Outstg. (M)	82.5	Institutional Ownership (%)	78		

Price Performance



Options: Ph

Analysis prepared by **Mathew Christy, CFA** on May 08, 2008, when the stock traded at **\$ 56.94**.

Highlights

- We expect revenues to rise 11% in both FY 09 (Mar.) and FY 10, driven primarily by recent acquisitions, some international gains, and increasing distribution revenues. We believe energy end markets, medical and safety products platforms, and higher prices will continue to support core revenue growth, as we anticipate organic revenue growth of about 7% in FY 09. In addition, we anticipate that additional revenue growth of around 4% will come from continued acquisitions.
- We believe operating margins will expand in FY 09 and FY 10 as operating leverage, driven by higher capacity utilization, acquisition synergies, and price increases offset rising commodity supply and transportation costs. In addition, we expect that lower SG&A expenses as a percentage of sales will help improve operating margins.
- We forecast operating EPS of \$3.30 in FY 09 and \$3.84 in FY 10, representing increases of 17% and 10%, respectively.

Investment Rationale/Risk

- In our view, the company will experience internal sales growth exceeding GDP growth, from several target markets based on its leading share of the U.S. gas distribution market. We expect ARG to continue to gain market share as it consolidates a highly fragmented packaged gas industry via an ongoing acquisition strategy. In addition, we see strong demand from the energy and medical markets continuing to fuel growth in FY 09. We forecast that ARG will continue to post strong earnings growth, and we believe the valuation gap with peers will close.
- Risks to our recommendation and target price include slower than expected end market demand, lower than expected price increases, and sudden increases in commodity and transportation costs.
- Our 12-month target price of \$65 represents a blend of two valuation metrics. Our DCF model, which assumes a 3% perpetual growth rate and a 10% discount rate, indicates intrinsic value of about \$66. For relative valuation, we assume an EV/EBITDA multiple of 9.4X our calendar 2008 EBITDA estimate, lower than peers, which suggests a \$64 value.

Qualitative Risk Assessment

LOW	MEDIUM	HIGH
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Our risk assessment for Airgas reflects the company's acquisition strategy, its significant proportion of sales to the cyclical industrial manufacturing industry, and what we consider a relatively high level of debt.

Quantitative Evaluations

S&P Quality Ranking **B+**

D	C	B-	B	B+	A-	A	A+
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Relative Strength Rank **STRONG**

94	
LOWEST = 1	HIGHEST = 99

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2008	915.1	1,007	1,008	1,087	4,017
2007	773.0	790.8	787.4	853.9	3,205
2006	690.7	714.4	702.4	746.9	2,830
2005	544.0	599.8	611.5	656.1	2,411
2004	461.1	460.5	451.9	522.1	1,895
2003	457.7	451.1	435.3	442.9	1,787

Earnings Per Share (\$)	2008	2007	2006	2005	2004	2003
2008	0.63	0.60	0.67	--	2.66	
2007	0.48	0.49	0.40	0.54	1.92	
2006	0.38	0.38	0.41	0.45	1.62	
2005	0.29	0.30	0.30	0.31	1.20	
2004	0.25	0.26	0.28	0.29	1.07	
2003	0.20	0.27	0.23	0.25	0.94	

Fiscal year ended Mar. 31. Next earnings report expected: Late July. EPS Estimates based on S&P Operating Earnings; historical GAAP earnings are as reported.

Dividend Data (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
0.090	05/08	06/13	06/15	06/29/07
0.090	08/07	09/12	09/14	09/28/07
0.090	10/09	12/12	12/14	12/31/07
0.120	01/29	03/11	03/13	03/31/08

Dividends have been paid since 2003. Source: Company reports.

Airgas Inc.**Business Summary** May 08, 2008

CORPORATE OVERVIEW. Airgas has completed over 350 acquisitions in the last 25 years to become the largest U.S. distributor of packaged gases and welding, safety and related products, with over a 20% market share based on the company's data. The company operated an integrated network of over 900 locations as of March 2007 and markets its products and services through sales representatives, retail stores, electronic, catalog and telesales channels. Competitors in the packaged gas market include about 900 independent distributors (57% of the market), through a fragmented distribution network, as well as large distributors (23%), including Praxair, Linde AG, Air Liquide, Matheson Trigas and Valley National. ARG is also the largest U.S. producer of nitrous oxide; a producer and supplier of dry ice; and the largest supplier of liquid carbon dioxide in the southeastern U.S.

The distribution segment (85% of FY 07 (Mar.) total sales, 7.7% EBIT margins) purchases and distributes industrial, medical and specialty gases, process chemicals and hardgoods. Products include industrial, specialty, and medical gases, and welding, safety and related products. Gas and rent revenues accounted for 52% of segment sales in FY 07, with hardgoods providing the remaining 48%. Industry segments served include manufacturing, service sector, construction, retail consumer establishments, transportation and utilities, and agriculture and mining.

The other operations segment (15%, 9.8%) produces and distributes certain gas products, principally dry ice, carbon dioxide, specialty gases, and nitrous oxide. The segment also includes the results of the company's National Welders joint venture, a producer and distributor of industrial gases. Customers include food processors, food services, pharmaceutical and biotech industries, and wholesale trade and grocery outlets.

The company has a fairly broad exposure to the overall U.S. economy, as it serves over 800,000 customers in multiple industries. As a percentage of total net sales, ARG estimates sales to the industrial manufacturing segment accounted for 29%; repair and maintenance 26%; non-residential construction 12%; medical 7%; wholesale trade 5%; food products 6%; petrochemical 5%; utilities and mining 2%; analytical 3%; transportation 2%; and other 3%.

CORPORATE STRATEGY. ARG's strategic objectives are to pursue market leading sales growth through internal sales growth in core and strategic products and to leverage its growth opportunities over an enhanced infrastructure and customer base as well as via acquisitions; expand operating margins with improved operating efficiency; exercise financial discipline and put free cash flow to best use to maximize shareholder value; and maintain operational strength. Specific long-term targets include: EPS growth of 10% to 15%, free cash flow growth of 8% to 10%, return on capital of 12%, an operating margin greater than 10%, and same-store sales growth of 3% to 5%. To achieve these goals, management plans to focus on expanding its business with small- and medium-sized core customers, pursuing high-growth opportunities in strategic products, continuing to penetrate existing accounts, and acquiring businesses to complement and expand the distribution network. Strategic products are defined by management as those expected to grow at a faster rate than the overall industrial economy and include safety products, bulk gases, specialty gases, medical sales, carbon dioxide and dry ice.

Strategic products represent approximately 40% of revenues, according to management, and are growing at about 10% annually. ARG is the third largest distributor of safety products in the U.S., with approximately a 7% share based on company data, and it has been able to use its market power to successfully introduce product extensions. Within the bulk gas market, ARG controls a small market share but looks to leverage the company's broad geographic footprint, extensive sales force, and massive customer base to gain share, and hopes to grow along with its wide range of customers. ARG believes that it has a broad presence and capabilities in the specialty gas market and is bolstering growth through extensive marketing and training programs. In 2000, ARG acquired Puritan Medical, providing it with a presence in medical sales. The Puritan Medical model has worked well, and ARG has increased sales from \$70 million to over \$200 million with product and platform extensions, and broader distribution networks. Finally, ARG is the third largest U.S. manufacturer and distributor of liquid carbon dioxide and the leading U.S. dry ice distributor.

FINANCIAL TRENDS. For the five years ended March 2007, ARG generated a revenue compound annual growth rate (CAGR) of 15%, a gross profit CAGR of 14.9%, an EBITDA CAGR of 19.8%, and an earnings from continuing operations CAGR of 27.9%. Total assets increased at a three-year CAGR of 19.9%, inventories at a 13.7% CAGR, and capital expenditures at a 37.5% CAGR. Capital expenditures were \$244 million in FY 07. In our opinion, results reflect the company's acquisitive nature, and we believe management has done a good job of integrating acquisitions in the past five years, as evidenced by rising return on equity (ROE) (14.8% in FY 07, up from 5.8% in FY 01).

Corporate Information**Investor Contact**

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SVP & General**Counsel**

R.H. Young, Jr.

COO & EVP

M.L. Molinini

SVP & CIO

R.A. Dougherty

SVP & CFO

R.M. McLaughlin

Board Members

W. O. Albertini

W. T. Brown

J. W. Hovey

R. C. Ill

P. McCausland

P. A. Sneed

D. Stout

L. M. Thomas

J. C. van Roden, Jr.

Domicile

Delaware

Founded

1986

Employees

11,500

Stockholders

15,000

Airgas Inc.

Quantitative Evaluations

S&P Fair Value Rank	3-	1	2	3	4	5
		LOWEST				HIGHEST

Based on S&P's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation	\$56.90	Analysis of the stock's current worth, based on S&P's proprietary quantitative model suggests that ARG is slightly overvalued by \$3.20 or 5.3%.
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Investability Quotient Percentile	100
	LOWEST = 1 HIGHEST = 100
	ARG scored higher than 100% of all companies for which an S&P Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation	BULLISH	Since April, 2008, the technical indicators for ARG have been BULLISH.
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Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2007	2006	2005	2004
Price/Sales	1.34	1.16	1.05	1.04
Price/EBITDA	8.80	8.30	8.05	7.77
Price/Pretax Income	16.73	15.81	17.07	15.47
P/E Ratio	27.86	25.79	27.53	24.69
Avg. Diluted Shares Outstg (M)	82.6	81.2	77.0	74.7

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	13.27	18.95	15.30	8.92
Net Income	21.10	25.76	24.97	17.14

Ratio Analysis (Annual Avg.)

Net Margin (%)	4.82	4.38	4.24	3.53
% LT Debt to Capitalization	45.71	39.82	41.07	46.84
Return on Equity (%)	14.90	13.87	13.29	11.31

Company Financials Fiscal Year Ended Mar. 31

Per Share Data (\$)	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Tangible Book Value	NA	2.93	4.59	3.76	2.22	1.84	0.95	0.87	NM	NM
Cash Flow	NA	3.66	3.14	2.64	2.25	2.05	1.74	1.71	1.82	1.95
Earnings	2.66	1.92	1.62	1.20	1.07	0.94	0.69	0.42	0.55	0.72
S&P Core Earnings	NA	1.92	1.52	1.11	0.99	0.86	0.64	0.34	NA	NA
Dividends	0.28	0.24	0.18	0.16	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	11%	12%	11%	13%	Nil	Nil	Nil	Nil	Nil	Nil
Calendar Year	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Prices:High	55.89	43.43	33.79	27.19	21.75	20.74	15.85	10.19	14.00	18.81
Prices:Low	39.00	31.65	21.15	19.82	15.27	11.75	6.38	4.63	7.88	8.00
P/E Ratio:High	21	22	21	23	20	22	23	24	25	26
P/E Ratio:Low	15	16	13	17	14	13	9	11	14	11

Income Statement Analysis (Million \$)

Revenue	NA	3,205	2,830	2,411	1,895	1,787	1,636	1,629	1,542	1,561
Operating Income	NA	489	396	315	255	238	198	198	193	200
Depreciation	NA	147	128	112	88.0	79.8	72.9	86.8	89.3	87.9
Interest Expense	NA	62.1	55.7	52.8	43.0	47.3	48.0	61.4	58.7	62.6
Pretax Income	NA	257	208	148	128	109	78.4	48.9	70.4	86.5
Effective Tax Rate	NA	38.8%	37.4%	36.8%	37.1%	37.7%	38.0%	42.3%	44.8%	39.8%
Net Income	NA	154	128	92.0	80.2	68.1	48.6	28.2	38.9	51.9
S&P Core Earnings	NA	154	119	84.9	74.2	61.8	44.5	23.3	NA	NA

Balance Sheet & Other Financial Data (Million \$)

Cash	NA	25.9	35.0	32.6	Nil	Nil	Nil	Nil	Nil	Nil
Current Assets	NA	550	459	466	327	271	304	334	409	379
Total Assets	NA	3,333	2,474	2,292	1,931	1,700	1,717	1,583	1,739	1,698
Current Liabilities	NA	428	476	333	242	209	221	282	220	213
Long Term Debt	NA	1,310	636	802	683	658	764	621	857	848
Common Equity	NA	1,125	947	814	692	597	503	497	473	471
Total Capital	NA	2,866	1,968	1,934	1,668	1,464	1,465	1,279	1,491	1,461
Capital Expenditures	NA	244	214	168	93.7	68.0	58.3	65.9	65.2	102
Cash Flow	NA	302	255	204	168	148	122	115	128	140
Current Ratio	NA	1.3	1.0	1.4	1.3	1.3	1.4	1.2	1.9	1.8
% Long Term Debt of Capitalization	NA	52.6	32.3	41.4	40.9	44.9	52.1	48.5	57.5	58.0
% Net Income of Revenue	NA	4.8	4.5	3.8	4.2	3.8	3.0	1.7	2.5	3.3
% Return on Assets	NA	5.3	5.4	4.3	4.4	4.0	2.9	1.7	2.3	3.1
% Return on Equity	NA	14.9	14.5	12.2	12.4	12.4	9.7	5.8	8.2	11.6

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Airgas Inc.

Sub-Industry Outlook

We have a neutral fundamental outlook for the industrial gases sub-industry (consisting of three companies). We expect industrial gases companies to continue to enjoy further volume gains in 2008 as the U.S. manufacturing sector expands and key markets such as energy boost consumption. We believe selling prices for these products rose during 2007 on relatively tight industry capacity, excluding the pass-through of energy costs. We believe that consumption of industrial gases over the longer term will continue to increase at the historical rate of 1.5 to 2 times that of industrial production.

The two major U.S.-based producers of industrial gases (Air Products & Chemicals and Praxair) posted increased operating income for the first quarter of 2008. Both companies had higher volumes in North America versus the year-earlier period, and were able to achieve higher selling prices. Both companies also had good volume growth in Asia, reflecting strong economic growth in that region.

Industrial gases are produced primarily by air separation -- that is, extracted from the atmosphere. Examples of gases produced in this manner are nitrogen, oxygen, argon, and other rare gases. However, some gases, including hydrogen, acetylene and carbon dioxide, are co-products or byproducts of other processes. The worldwide market for industrial gases is about \$40 billion a year, with the U.S. alone at \$13 billion. In the dominant cryogenic air separation process, air is cooled and pressurized until it becomes a liquid, with the various gases extracted through fractional distillation. However, noncryogenic production technologies are a growing source of nitrogen and oxygen. There are three basic distribution methods for industrial gases: on-site plants, bulk (merchant) supply, and cylinder (small volume packaged gas). Most of the industrial gases producers, along with

Airgas Inc. (the largest distributor) and a large number of independent companies, also serve the packaged gases market.

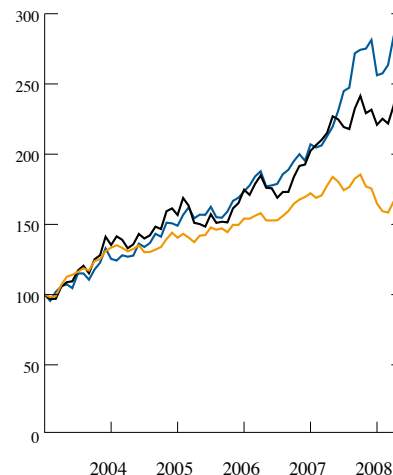
The Industrial Gases Index rose 1.6% year to date through May 2, versus a 3.5% decline in the S&P 1500 Composite Index. The sub-index rose 44.0% in 2007, while the S&P 1500 advanced 3.6%.

--Richard O'Reilly, CFA

Stock Performance

GICS Sector: Materials
Sub-Industry: Industrial Gases

Based on S&P 1500 Indexes
Month-end Price Performance as of 04/30/08



Sub-Industry Sector S&P 1500

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Sub-Industry : Industrial Gases Peer Group*: Industrial Gases

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
Airgas Inc	ARG	4,957	60.10	60.53/37.84	1.33	0.8	23	56.90	B+	100	4.8	52.6
Air Liquide ADS	AIQUY	35,180	29.75	32.00/23.20	0.61	1.7	22	NA	NR	28	9.2	35.9
Air Products & Chem	APD	21,555	102.32	105.02/76.66	0.70	1.7	20	90.30	A	99	10.4	31.8
Praxair Inc	PX	29,759	95.04	97.09/66.87	0.71	1.6	25	78.20	A	99	12.5	39.5

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

Airgas Inc.**S&P Analyst Research Notes and other Company News****May 6, 2008**

Up 0.00 to 49.10... Posts \$0.76 vs. \$0.54 Q4 EPS on 8% higher same-store sales, 27% higher total revenue. Sees Q1 EPS of \$0.79-\$0.81, FY 09 EPS of \$3.24-\$3.40. S&P reiterates strong buy...

May 6, 2008

01:23 pm ET ... S&P MAINTAINS STRONG BUY RECOMMENDATION ON SHARES OF AIRGAS (ARG 55.97*****): After ARG's Mar-Q conference call, we are revising our FY 09 (Mar.) estimates. We see continued demand, an increasing overseas presence and acquisitions leading to revenue growth of 11% up from our previous forecast of 8%. We also see higher operating margins in '09 on price increases, operating leverage, and lower acquisition and interest expenses, somewhat offset by a slighter higher tax rate. As a result we raise our FY 09 EPS estimate by \$0.25 to \$3.30. In addition, we increase our 12-month target price by \$7 to \$65, based on revised peer valuation and DCF analyses. /M.Christy-CFA

May 6, 2008

09:30 am ET ... AIRGAS, INC. (ARG 49.1) UNCHANGED, ARG POSTS \$0.76 VS., \$0.54 Q4 EPS. GOLDMAN RAISES ESTIMATES... Analyst Robert Koort tells salesforce Q4 EPS beat his \$0.72 est, consensus view of \$0.73, on stronger-than-expected Gases & Rent (G&R) results, lower-than-expected interest expense. Total sales grew 27% (vs. his 26% est.). Says ARG continued leveraging productivity gains and pricing power into margin expansion, while overall same-store sales rose 8% y/y, with higher margin G&R up a surprising 11%. Says he was surprised to see the eye-catching same-store sales growth trends at ARG, given the 6% growth (US and Canadian business) posted by one of its rivals. Ups FY 09 (Mar.) EPS view to \$3.35, FY 10 to \$3.85, and sets FY 11 at \$4.40. Ups target by \$8 to \$63. Keeps neutral./Freund

May 5, 2008

05:20 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF AIRGAS (ARG 49.1*****): Q4 EPS of \$0.76 vs. \$0.54 exceeds our \$0.71 estimate largely on higher revenue than we expected. Revenue increased 27% and was \$30M ahead of our projection. We continue to see higher international sales, marketshare gains, customer diversity, and acquisitions leading to revenue growth of 8% in '09. In addition, we continue to estimate ARG will earn FY 09 (Mar.) EPS of \$3.05, growth of 15% from FY 08, as greater operating leverage leads to slightly higher margins. We maintain our \$58 price target, blending relative peer valuation and DCF analyses. /M.Christy-CFA

April 17, 2008

03:03 pm ET ... S&P REITERATES STRONG BUY OPINION ON SHARES OF AIRGAS (ARG 47.89*****): For '08 through April 16, ARG shares have declined nearly 8% compared with 1.8% gain in the S&P 500 industrial gases index. We attribute this to ARG's little exposure, as compared to peers, to international growth. However, we think its diverse customer base and industry segmentation provides a level of protection against an economic downturn. In addition, we believe the shares are undervalued, based on our continued forecast that EPS will increase to \$2.64 in FY 08 (Mar.) and \$3.05 in FY 09. We raise our 12-month target price to \$58 on revised DCF and relative-peer valuations. /M.Christy, CFA

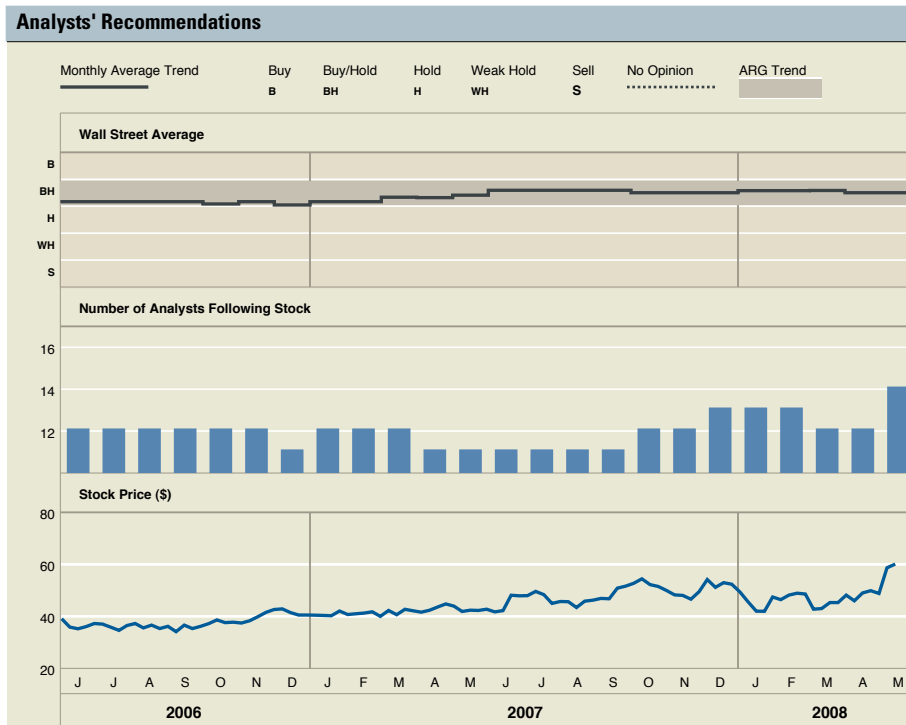
January 29, 2008

Posts \$0.67 vs. \$0.40 Q3 EPS on 28% sales rise. Sees \$0.71-\$0.73 Q4; raises FY 08 EPS view to \$2.61-\$2.63, including items, from \$2.55-\$2.60. Raises quarterly dividend by 33% to \$0.12 from \$0.09. S&P reiterates strong buy...

January 29, 2008

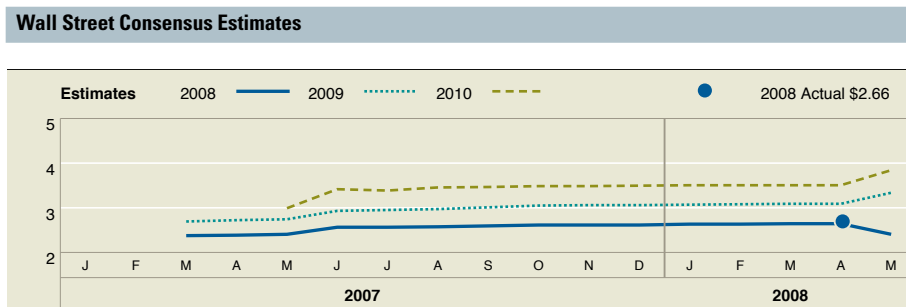
08:41 am EST... S&P REITERATES STRONG BUY OPINION ON SHARES OF AIRGAS (ARG 43.5*****): ARG posts Dec-Q EPS of \$0.67 vs. \$0.50, both before unusual items, \$0.01 above our estimate on a higher operating margin from an improved mix due to recent acquisitions and operating leverage. We see the Linde acquisition supporting FY 08 (Mar.) and demand in the energy and infrastructure markets benefiting FY 09, which should help margin expansion. We are raising our FY 08 EPS estimate by \$0.04 to \$2.64 on higher guidance, but lowering FY 09's by \$0.01 to \$3.05 and trimming our 12-month target price by \$3 to \$55, based on relative valuation and revised DCF analysis. /CLippincott

Airgas Inc.



Of the total 14 companies following ARG, 14 analysts currently publish recommendations.

	No. of Ratings	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	5	36	4	5
Buy/Hold	5	36	4	4
Hold	4	29	4	4
Weak Hold	0	0	0	0
Sell	0	0	0	0
No Opinion	0	0	0	0
Total	14	100	12	13



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2010	3.86	4.15	3.70	11	15.6
2009	3.35	3.50	3.15	14	17.9
2010 vs. 2009	▲ 15%	▲ 19%	▲ 17%	▼ -21%	▼ -13%
Q1'10	NA	NA	NA	0	NM.6
Q1'09	0.81	0.83	0.76	14	74.2
Q1'10 vs. Q1'09	NA	NA	NA	▼ -100%	NM

A company's earnings outlook plays a major part in any investment decision. Standard & Poor's organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years. This graph shows the trend in analyst estimates over the past 15 months.

Wall Street Consensus Opinion

BUY/HOLD

Companies Offering Coverage

- BB&T Capital Markets
- Banc of America Securities LLC.
- Buckingham Research Group, Inc.
- Deutsche Bank
- First Analysis Corp.
- Goldman Sachs & Co.
- Greenwich Consultants
- Jefferies & Company
- Keybank Capital Mkts / McDonald
- Merrill Lynch Research
- Offutt Securities
- Oppenheimer
- Robert W Baird & Co.
- Soleil - Gulley & Associates

Wall Street Consensus vs. Performance

For fiscal year 2009, analysts estimate that ARG will earn \$3.35. For fiscal year 2010, analysts estimate that ARG's earnings per share will grow by 15% to \$3.86.

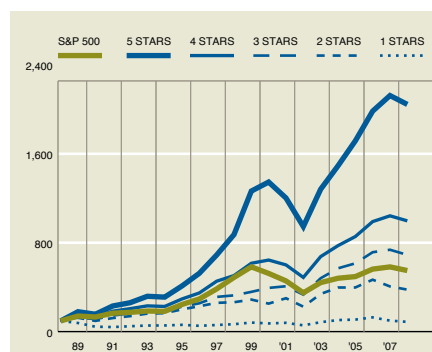
Airgas Inc.

Glossary

S&P STARS

Since January 1, 1987, Standard and Poor's Equity Research Services has ranked a universe of common stocks based on a given stock's potential for future performance. Under proprietary STARS (Stock Appreciation Ranking System), S&P equity analysts rank stocks according to their individual forecast of a stock's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350 Index or S&P 500 Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective.

STARS Average Annual Performance



S&P 12-Month Target Price

The S&P equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Investment Style Classification

Characterizes the stock as Growth or Value, and indicates its capitalization level. Growth is evaluated along three dimensions (earnings, sales and internal growth), while Value is evaluated along four dimensions (book-to-price, cash flow-to-price, dividend yield and sale-to-price). Growth stocks score higher than the market average on growth dimensions and lower on value dimensions. The reverse is true for Value stocks. Certain stocks are classified as Blend, indicating a mixture of growth and value characteristics and cannot be classified as purely growth or value.

Qualitative Risk Assessment

The S&P equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the S&P U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices.

Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to capsize the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following: 5-Stock is significantly undervalued; 4-Stock is moderately undervalued; 3-Stock is fairly valued; 2-Stock is modestly overvalued; 1-Stock is significantly overvalued.

S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

Funds From Operations FFO

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

Investability Quotient (IQ)

The IQ is a measure of investment desirability. It serves as an indicator of potential medium-to-long term return and as a caution against downside risk. The measure takes into account variables such as technical indicators, earnings estimates, liquidity, financial ratios and selected S&P proprietary measures.

S&P's IQ Rationale:

Airgas Inc

	Raw Score	Max Value
Proprietary S&P Measures	83	115
Technical Indicators	29	40
Liquidity/Volatility Measures	17	20
Quantitative Measures	62	75
IQ Total	191	250

Volatility

Rates the volatility of the stock's price over the past year.

Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

S&P Issuer Credit Rating

A Standard & Poor's Issuer Credit Rating is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. This opinion focuses on the obligor's capacity and willingness to meet its financial commitments as they come due. It does not apply to any specific financial obligation, as it does not take into account the nature of and provisions of the obligation, its standing in bankruptcy or liquidation, statutory preferences, or the legality and enforceability of the obligation. In addition, it does not take into account the creditworthiness of the guarantors, insurers, or other forms of credit enhancement on the obligation. The Issuer Credit Rating is not a recommendation to purchase, sell, or hold a financial obligation issued by an obligor, as it does not comment on market price or suitability for a particular investor. Issuer Credit Ratings are based on current information furnished by obligors or obtained by Standard & Poor's from other sources it considers reliable. Standard & Poor's does not perform an audit in connection with any Issuer Credit Rating and may, on occasion, rely on unaudited financial information. Issuer Credit Ratings may be changed, suspended, or withdrawn as a result of changes in, or unavailability of, such information, or based on other circumstances.

Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

S&P Equity Research Services

Standard & Poor's Equity Research Services U.S. includes Standard & Poor's Investment Advisory Services LLC; Standard & Poor's Equity Research Services Europe includes Standard & Poor's LLC-London and Standard & Poor's AB (Sweden); Standard & Poor's Equity Research Services Asia includes Standard & Poor's LLC's offices in Hong Kong, Singapore and Tokyo, Standard & Poor's Malaysia Sdn Bhd, and Standard & Poor's Information Services (Australia) Pty Ltd.

Airgas Inc.**Required Disclosures****S&P Global STARS Distribution**

In the U.S.: As of March 31, 2008, research analysts at Standard & Poor's Equity Research Services U.S. have recommended 34.2% of issuers with buy recommendations, 57.3% with hold recommendations and 8.5% with sell recommendations.

In Europe: As of March 31, 2008, research analysts at Standard & Poor's Equity Research Services Europe have recommended 47.0% of issuers with buy recommendations, 36.3% with hold recommendations and 16.7% with sell recommendations.

In Asia: As of March 31, 2008, research analysts at Standard & Poor's Equity Research Services Asia have recommended 50.4% of issuers with buy recommendations, 42.5% with hold recommendations and 7.1% with sell recommendations.

Globally: As of March 31, 2008, research analysts at Standard & Poor's Equity Research Services globally have recommended 37.1% of issuers with buy recommendations, 53.4% with hold recommendations and 9.5% with sell recommendations.

★★★★★ **5-STARS (Strong Buy):** Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ **4-STARS (Buy):** Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ **3-STARS (Hold):** Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ **2-STARS (Sell):** Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ **1-STARS (Strong Sell):** Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks: In the U.S. the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are generally the S&P Europe 350 Index and the S&P Asia 50 Index.

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For residents of Malaysia, all queries in relation to this report should be referred to Alexander Chia, Desmond Ch'ng, or Ching Wah Tam.

This investment analysis was prepared from the following sources: S&P MarketScope, S&P Compustat, S&P Industry Reports, I/B/E/S International, Inc.; Standard & Poor's, 55 Water St., New York, NY 10041.