

AIRGAS INC  
Form PRER14A  
July 08, 2010  
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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**  
**(Amendment No. 1)**

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 Pursuant to §240.14a-12

**Airgas, Inc.**

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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(4) Date Filed:

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**PRELIMINARY COPY SUBJECT TO COMPLETION  
Dated July 8, 2010.**

Dear Stockholder:

We are pleased to invite you to attend Airgas Annual Meeting of Stockholders, which will be held at \_\_\_\_\_ a.m., Eastern Time, on \_\_\_\_\_, 2010, at the \_\_\_\_\_. Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

This Annual Meeting is of particular importance to all Airgas stockholders because of the ongoing, unsolicited attempt by Air Products and Chemicals, Inc. to acquire Airgas. Air Products, through its wholly owned subsidiary, Air Products Distribution, Inc., has commenced a tender offer to acquire each share of Airgas common stock for \$60 per share in cash. In addition, Air Products has filed a preliminary proxy statement with the Securities and Exchange Commission which principally seeks to (i) elect a slate of three individuals nominated by Air Products as directors of Airgas, (ii) amend our By-Laws to prohibit certain individuals from serving as directors or as chairman of the board, which would restrict the Board's ability to elect our current Chairman of the Board, Peter McCausland, as Chairman if he is not elected at the Annual Meeting (the Director Disqualification Proposal), (iii) amend our By-Laws to require that the 2011 Annual Meeting of Stockholders be held on January 18, 2011 (which is only four months after the 2010 Annual Meeting) and in the same fiscal year as the 2010 Annual Meeting and that all future annual meetings of stockholders be held in January (the January Meeting Proposal), and (iv) repeal any By-Law amendments adopted by Airgas Board of Directors (the Airgas Board or your Board) without stockholder approval after April 7, 2010 and prior to the effectiveness of the resolution effecting such repeal (the By-Law Amendment Repeal Proposal).

**The Airgas Board's unanimous view has been and continues to be that the Air Products offer is grossly inadequate and not in the best interests of Airgas and its stockholders.**

We believe that with its director nominations and By-Law proposals for the Annual Meeting, Air Products is seeking to pressure your Board to give favorable consideration to Air Products' unsolicited offer, an offer that your Board believes is grossly inadequate and not in the best interest of Airgas stockholders. In considering Air Products' proposals, it is important for you to recognize that, unlike your Board, the Air Products officers and directors have a duty to act in the best interests of Air Products stockholders, not Airgas stockholders. It is in Air Products' economic interest to obtain a transaction with Airgas at the lowest possible value for Airgas stockholders.

We strongly urge you to reject Air Products' efforts to replace the current nominees for election as directors to your Board. The Air Products nominees lack relevant industry experience and in our view have been selected by Air Products to facilitate the acquisition of Airgas at a grossly inadequate price in order to transfer Airgas' inherent value to Air Products. We believe that the Airgas directors who are up for reelection at the Annual Meeting are better able than Air Products' nominees to act in the best interests of Airgas stockholders with respect to Air Products' offer.

**Accordingly, the Airgas Board unanimously recommends that you vote FOR its three nominees Peter McCausland, W. Thacher Brown and Richard C. III and AGAINST Air Products' By-Law Amendment proposals, which are discussed in the proxy statement.**

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote on the Internet, by telephone, or by completing and mailing the enclosed **WHITE** proxy card. Information about each of these voting methods is set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

**We urge you NOT to sign or return any proxy cards sent by Air Products.** If you have previously signed a proxy card from Air Products, you can revoke that earlier proxy and vote for our nominees and on the other matters to be voted on at the Annual Meeting by signing, dating and returning the enclosed **WHITE** proxy card in the enclosed postage-paid envelope, or by voting over the Internet using the Internet address on the **WHITE** proxy card or by telephone using the toll-free number on the **WHITE** proxy card.

On behalf of everyone at Airgas, we thank you for your ongoing interest and investment in our company. We are committed to acting in your best interests. If you have any questions with respect to voting, please call our proxy solicitor, Innisfree M&A Incorporated, at (877) 687-1875 (toll free).

Sincerely,  
Peter McCausland

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*Chairman, President and Chief Executive Officer*  
THIS PROXY STATEMENT AND PROXY CARD ARE

BEING DISTRIBUTED ON OR ABOUT \_\_\_\_\_, 2010.

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**PRELIMINARY COPY SUBJECT TO COMPLETION  
Dated July 8, 2010.  
AIRGAS, INC.**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**, 2010**

**TO OUR STOCKHOLDERS:**

The Annual Meeting of the Stockholders of Airgas, Inc., a Delaware corporation, will be held on \_\_\_\_\_, 2010, at \_\_\_\_\_ a.m., Eastern Time, at \_\_\_\_\_, for considering and acting upon the following proposals:

1. Election of three directors of the company.
2. Ratification of the selection of KPMG LLP as Airgas independent registered public accounting firm for the fiscal year ending March 31, 2011.
3. Approval of an amendment to the Amended and Restated 2003 Employee Stock Purchase Plan.
4. Air Products proposal to amend Airgas By-Laws to prohibit certain individuals from serving as directors or as chairman of the board.
5. Air Products proposal to amend Airgas By-Laws to require that the 2011 Annual Meeting of Stockholders be held on January 18, 2011 and that all future annual meetings of stockholders be held in January.
6. Air Products proposal to repeal any By-Law amendment adopted by the Airgas Board without stockholder approval after April 7, 2010 and prior to the effectiveness of the resolution effecting such repeal.
7. To transact such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Stockholders of record at the close of business on \_\_\_\_\_, 2010 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

Our 2010 Annual Report, which is not part of the proxy solicitation materials, is enclosed.

All stockholders as of the close of business on the record date are cordially invited to attend the Annual Meeting in person, but whether or not you plan to attend, we urge you to review these materials carefully and to vote by Internet, telephone or by submitting your **WHITE** proxy card as promptly as possible.

Please note that Air Products has filed a preliminary proxy statement with the Securities and Exchange Commission seeking to (i) elect a slate of three individuals nominated by Air Products as directors of Airgas, (ii) amend Airgas By-Laws to provide that (a) any person nominated for election as a director by the Airgas Board (other than the Chief Executive Officer) who is not elected at an annual meeting of stockholders will be ineligible to serve until after the third annual meeting following such annual meeting and (b) if the Airgas Board nominates the Chief Executive Officer, currently Peter McCausland, and he is not elected at an annual meeting of stockholders, then he will be ineligible to serve until after the third annual meeting following such annual meeting unless he is approved by a majority of the independent members of the Airgas Board, but he would in no event be eligible to serve as Chairman until after the third annual meeting following such annual meeting, (iii) amend Airgas By-Laws to require that the 2011 Annual Meeting of Stockholders be held on January 18, 2011 only four months after the 2010 Annual Meeting of Stockholders and during the same fiscal year as the 2010 Annual Meeting of Stockholders and that all future annual meetings of stockholders be held in January and (iv) repeal any By-Law amendment adopted by the Airgas Board without stockholder approval after April 7, 2010 and prior to the effectiveness of the resolution effecting such repeal.

**THE BOARD OF DIRECTORS STRONGLY URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY AIR PRODUCTS.** If you have previously signed a proxy card sent to you by Air Products, you can revoke that earlier proxy and vote for the Board of Directors nominees and on the other matters to be voted on at the Annual Meeting by signing, dating and returning the enclosed **WHITE** proxy card in the enclosed postage paid envelope, or by voting over the Internet using the Internet address on the **WHITE** proxy card

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or by telephone using the toll-free number on the **WHITE** proxy card.

Radnor, Pennsylvania

, 2010

By Order of the Board of Directors,  
Robert H. Young, Jr.  
*Senior Vice President, General Counsel and Secretary*

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**IMPORTANT**

**YOUR VOTE IS EXTREMELY IMPORTANT THIS YEAR IN LIGHT OF THE PROXY CONTEST BEING CONDUCTED BY AIR PRODUCTS. Whether or not you plan to attend the Annual Meeting and regardless of the number of shares you own, we urge you to vote promptly FOR the three nominees of your Board and AGAINST Air Products proposals (as described on pages 62-68 of the proxy statement).**

If you have any questions or need any assistance in voting your shares, please contact our proxy solicitor:

**Innisfree M&A Incorporated**

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders may call toll-free: (877) 687-1875

Banks and brokers may call collect: (212) 750-5833



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**AIRGAS, INC.**

**Radnor Court**

**259 North Radnor-Chester Road, Suite 100**

**Radnor, Pennsylvania 19087-5283**

**PROXY STATEMENT**

This proxy statement is furnished in connection with the solicitation of proxies at the direction of the Board of Directors of Airgas, Inc. for use at the Annual Meeting of Stockholders to be held on \_\_\_\_\_, 2010.

Stockholders of record at the close of business on \_\_\_\_\_, 2010 will be entitled to vote at the Annual Meeting. At the close of business on \_\_\_\_\_, 2010, \_\_\_\_\_ shares of our \$0.01 par value common stock were outstanding and entitled to vote. Stockholders are entitled to one vote for each share of common stock held.

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING**

**What proposals are to be presented at the Annual Meeting?**

The purpose of the Annual Meeting is to (i) elect three directors, (ii) consider Airgas' proposal to ratify the selection of KPMG LLP as Airgas independent registered public accounting firm for the fiscal year ending March 31, 2011, (iii) consider the Airgas proposal to approve an amendment to the Airgas Amended and Restated 2003 Employee Stock Purchase Plan, referred to in this proxy statement as the Employee Stock Purchase Plan and (iv) conduct such other business as may properly come before the Annual Meeting. Although the Airgas Board recommends voting AGAINST Air Products' proposals, at the Annual Meeting our stockholders will also be asked to consider the proposal by Air Products to amend Airgas' By-Laws to prohibit certain individuals from serving as directors or as chairman of the board, which would restrict the Board's ability to elect Peter McCausland, our current Chairman of the Board, as Chairman until after the third annual meeting following the 2010 Annual Meeting if he is not elected to the Board at the Annual Meeting (the Director Disqualification Proposal), consider the proposal by Air Products to amend Airgas' By-Laws to require that the 2011 Annual Meeting of Stockholders be held on January 18, 2011 and that all future annual meetings of stockholders be held in January (the January Meeting Proposal), and consider the proposal by Air Products to repeal any By-Law amendment adopted by the Airgas Board without stockholder approval after April 7, 2010 and prior to the effectiveness of the resolution effecting such repeal (the By-Law Amendment Repeal Proposal). Each of Airgas and Air Products has proposed a separate slate of three nominees for election at the Annual Meeting.

Air Products has filed a preliminary proxy statement with the U.S. Securities and Exchange Commission (the SEC). You may receive proxy solicitation materials from Air Products. **YOUR BOARD STRONGLY URGES YOU NOT TO SIGN OR RETURN ANY PROXY CARD SENT TO YOU BY AIR PRODUCTS.**

**Who is soliciting my vote?**

In this proxy statement, the Board of Directors of Airgas is soliciting your vote for matters being submitted for stockholder approval at the Annual Meeting.

Giving us your proxy means that you authorize the proxy holders identified on the **WHITE** proxy card Robert H. Young, Jr. and Robert M. McLaughlin to vote your shares at the meeting in the manner you direct. You may vote for all, some or none of our director nominees. You may also abstain from voting. If you sign and return the enclosed **WHITE** proxy card but do not specify how your shares are to be voted, your shares will be voted in accordance with the recommendations of the Airgas Board, including in favor of Airgas' nominees for election to the Airgas Board and against the Air Products' Proposals (see below). If any other matters are properly presented at the Annual Meeting for consideration, the persons named as proxies in the enclosed **WHITE** proxy card will vote as recommended by the Airgas Board or, if no recommendation is given, in their own discretion.

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### **What does the Airgas Board recommend?**

The Airgas Board unanimously recommends that you vote using the **WHITE** proxy card:

**FOR** the election of the following three individuals nominated by the Airgas Board for election as directors: Peter McCausland, W. Thacher Brown and Richard C. Ill (see pages 19 to 21). The Airgas Board unanimously recommends that you **NOT** vote for any members of Air Products' slate of nominees;

**FOR** the ratification of the selection of KPMG LLP as Airgas' independent registered public accounting firm for the fiscal year ending March 31, 2011 (see pages 57-58);

**FOR** the approval of an amendment to the 2003 Employee Stock Purchase Plan (see pages 58 to 61);

**AGAINST** Air Products' Director Disqualification Proposal (see pages 62 to 64);

**AGAINST** Air Products' January Meeting Proposal (see pages 65 to 67); and

**AGAINST** Air Products' By-Law Amendment Repeal Proposal (see page 68).

**The Airgas Board urges you NOT to sign or return any proxy card sent to you by Air Products. Please note that it will not help your Board if you sign and return proxies sent by Air Products and vote Against or Withhold its nominees. That may in fact cancel any previous vote you cast. The only way to support your Board's nominees is to vote FOR your Board's nominees on the WHITE proxy card or on your Voting Instruction Form if you hold your shares in street name.**

### **What is the Airgas Board's position regarding the Air Products tender offer?**

After consultation with its legal and financial advisors, your Board has unanimously determined that Air Products' tender offer is grossly inadequate and not in the best interests of Airgas and its stockholders; and accordingly, your Board unanimously recommends that Airgas stockholders reject Air Products' tender offer and not tender their Airgas common stock in the offer.

The Airgas Board's reasons and recommendations regarding Air Products' tender offer are highlighted on pages 5-8 of the proxy statement and a more detailed description is contained in Airgas's Solicitation/Recommendation Statement on Schedule 14D-9 filed with the SEC on February 22, 2010, as amended, which is available on the SEC's website at [www.sec.gov](http://www.sec.gov). We urge you to read the Schedule 14D-9 (including any amendments and supplements thereto) because these documents contain important information regarding Air Products' tender offer.

A vote for any of Air Products' proposals or nominees will help support Air Products' tender offer.

### **Why is the Airgas Board recommending against the Air Products' By-Law amendments?**

*Air Products' Proposal to Implement Director Disqualification Requirements.* This proposal, if adopted and if valid, would, among other things, restrict the Board's ability until after three subsequent annual meetings (1) to create a new directorship and reappoint to the Board, for a term to expire at the next annual meeting of stockholders, directors, other than our Chief Executive Officer, who are nominated by the Board but not elected at any annual meeting of stockholders and (2) to elect Mr. McCausland, Airgas' founder, as Chairman of the Board, if he is not elected as a director at any annual meeting of stockholders. Your Board strongly recommends against this proposal, as discussed on pages 62-64. With respect to the first prong, the Board believes that future directors should be able to decide, in the exercise of their fiduciary duties, whether to reappoint a director and notes that reappointment of a director nominated and not elected at the 2010 Annual Meeting of Stockholders would not extend the timeframe in which Air Products might otherwise be able to obtain control of a majority of our Board. With respect to the second prong, the Board believes that it would not be in the best interests of Airgas' stockholders to prohibit Mr. McCausland from serving as Chairman

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because he is in a unique position to help guide the company as a result of his unequalled experience and substantial and invaluable knowledge regarding Airgas.

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*Air Products Proposal to Accelerate the 2011 Annual Meeting and Require January Annual Meetings.* This proposal, if adopted and if valid, would provide, among other things, that all future Annual Meetings of Stockholders would be required to be held in January, starting in January 2011. Your Board strongly recommends against this proposal, as discussed on pages 65-67. If adopted and if valid, this Bylaw would require that a meeting to elect directors be held only four months after the date of the 2010 Annual Meeting. The Airgas Board believes that Air Products is seeking to amend Airgas By-Law in order to put pressure on the Airgas Board to the detriment of all stockholders and in order to permit Air Products to seek to obtain control of Airgas before Airgas can benefit from the recovering United States economy.

As discussed on pages 65 to 67, Airgas believes that this proposal is invalid.

*Air Products By-Law Amendment Repeal Proposal.* This proposal, if adopted, would repeal any amendment to Airgas By-Laws adopted by the Board without the stockholders approval after April 7, 2010 and prior to the effectiveness of the proposal. Your Board strongly recommends against this proposal, as discussed on page 68. In order to permit your Board to carry out its responsibilities and fulfill its fiduciary duties to Airgas and its stockholders, your Board has the power to make, alter, amend or repeal the By-Laws. While your Board has not amended the By-Laws in any manner since April 7, 2010, and does not currently expect to adopt any amendments to the By-Laws prior to the 2010 Annual Meeting of Stockholders, we believe this proposal represents Air Products attempt to interfere with your Board s ability to act in accordance with its fiduciary duties to you and therefore should be rejected.

**If the Airgas Board s nominees are reelected, can I still tender my shares of common stock in Air Products tender offer?**

Yes. If your Board s nominees are reelected, you may accept Air Products tender offer if you so elect and if it has not expired. However, as stated above, your Board unanimously recommends that you not accept Air Products offer and not tender your Airgas common stock to Air Products.

In addition, you should be aware that Air Products has imposed a lengthy list of conditions on its tender offer some of which are beyond the control of Airgas or Air Products. Air Products obligation to purchase any shares of Airgas common stock in the offer is subject to the satisfaction or waiver of these conditions. Therefore, even if Air Products nominees are elected to the Airgas Board, the offer may not be consummated because the conditions to the offer may not be satisfied or waived. The terms and conditions of Air Products offer are set forth in the Offer to Purchase and the related Letter of Transmittal, both of which are exhibits to the Tender Offer Statement on Schedule TO that Air Products filed with the SEC on February 11, 2010, as amended, which is available on the SEC s website at [www.sec.gov](http://www.sec.gov). For more details regarding the conditionality of Air Products offer, please see Airgas Solicitation/Recommendation Statement on Schedule 14D-9 filed with the SEC on February 22, 2010, as amended from time to time, which is available at the SEC s website at [www.sec.gov](http://www.sec.gov). Free copies may be obtained by directing a request to Investor Relations, Airgas, Inc., 259 N. Radnor-Chester Road, Radnor, Pennsylvania 19087.

**If I have already voted for Air Products nominees or in favor of Air Products proposals, is it too late to change my mind?**

No. To change your vote, simply sign, date and return the enclosed **WHITE** proxy card in the accompanying postage paid envelope, or vote by telephone or via the Internet in accordance with the instructions in the **WHITE** proxy card. We strongly urge you to revoke any proxy card you may have returned to Air Products and to vote FOR the Airgas Board s director nominees, and against the Air Products Proposals and as the Airgas Board recommends on the other matters described in this proxy statement. Only your latest dated proxy will count at the Annual Meeting.

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**Will my shares be voted if I do nothing?**

If your shares are held in registered name, you must sign and return a proxy card in order for your shares to be voted. If your shares are held in street name and you do not instruct your broker or other nominee how to vote your shares, your broker or nominee may be able to use its discretion to vote your shares on routine matters but must leave your shares unvoted on the non-routine matters. The election of directors and Airgas proposal to amend the Employee Stock Purchase Plan at this Annual Meeting are non-routine matters. In addition, Air Products Director Disqualification Proposal, January Meeting Proposal and By-Law Amendment Repeal Proposal are non-routine matters.

Therefore, unless you provide specific voting instructions to your broker or other nominee, they would not have discretionary authority to vote your shares for the election of directors or on Airgas proposal to amend the Employee Stock Purchase Plan, the Director Disqualification Proposal, January Meeting Proposal or By-Law Amendment Repeal Proposal at this Annual Meeting. If your shares are held in street name, your broker, bank or nominee has enclosed a voting instruction card with this proxy statement. We strongly encourage you to vote your shares by following the instructions provided on the voting instruction card.

Please return your **WHITE** proxy card to your nominee and contact the person responsible for your account to ensure that a **WHITE** proxy card is voted on your behalf.

**The only way to support your Board is to sign, date and mail the enclosed WHITE proxy card to vote FOR the election of the three director nominees nominated by your Board, and AGAINST Air Products Director Disqualification Proposal, January Meeting Proposal and By-Law Amendment Repeal Proposal. You may also vote over the Internet using the Internet address on the WHITE proxy card or by telephone using the toll-free number on the WHITE proxy card. If your shares are held in street name, you should follow the instructions on your Voting Instruction Form and provide specific instructions to your broker to vote as described above.**

**Whom should I call if I have questions about the Annual Meeting?**

If you have any questions or need any assistance in voting your shares, please contact our proxy solicitor:

**Innisfree M&A Incorporated**

501 Madison Avenue, 20th Floor

New York, New York 10022

Stockholders may call toll-free: (877) 687-1875

Banks and brokers may call collect: (212) 750-5833

\* \* \*

**Important Notice Regarding the Availability of Proxy Materials**

**for the Annual Meeting of Stockholders to be held on \_\_\_\_\_, \_\_\_\_\_, 2010**

Each of the Notice of Annual Meeting, this proxy statement and the Annual Report of the Company for the fiscal year ended March 31, 2010 is available at <https://www.proxyvotenow.com/arg>.

Rules adopted by the SEC allow companies to send stockholders a notice of Internet availability of proxy materials, rather than mail them full sets of proxy materials. This year, we chose to mail full packages of materials to stockholders. However, in the future we may take advantage of the notice and access distribution option. If, in the future, we choose to send such notices, they will contain instructions on how stockholders can access our notice of meeting and proxy statement via the Internet. It will also contain instructions on how stockholders can request to receive their materials electronically or in printed form on a one-time or ongoing basis.

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**AIR PRODUCTS OFFER AND PROXY SOLICITATION**

**Air Products Tender Offer**

On February 11, 2010, Air Products, through its wholly-owned subsidiary, Air Products Distribution, Inc., commenced an unsolicited offer to acquire all outstanding Airgas Common Shares (including the associated right to purchase shares of Airgas Series C Junior Participating Preferred Stock) for \$60 per share in cash (the Offer).

Prior to launching its unsolicited tender offer, Air Products made a series of proposals to acquire Airgas, each of which the Airgas Board unanimously rejected on grounds that it grossly undervalued Airgas:

In mid-October 2009, John McGlade, the Chairman, President and Chief Executive Officer of Air Products, made an unsolicited oral proposal to Mr. McCausland to acquire Airgas for \$60 per share on an all-stock basis.

On November 20, 2009, Mr. McGlade sent a letter to Mr. McCausland making an unsolicited proposal to acquire Airgas for \$60 per share, again on an all-stock basis.

On December 17, 2009, Mr. McGlade sent a letter to Mr. McCausland revising Air Products' prior \$60 per share stock-for-stock proposal, proposing to acquire Airgas for \$62 per share with consideration including up to 50% cash.

On February 4, 2010, Mr. McGlade sent a letter to Mr. McCausland with another unsolicited proposal to acquire Airgas for a reduced price of \$60 per share on an all-cash basis.

The purpose of the Offer as stated by Air Products is to acquire control of, and the entire equity interest in, Airgas. Air Products has also stated that it intends, as soon as practicable after the consummation of the Offer, to seek to consummate a merger of Air Products Distribution, Inc., or one of its or Air Products' wholly owned subsidiaries, with Airgas. The Offer was initially scheduled to expire on April 9, 2010, but Air Products extended the expiration date to June 4, 2010 and then extended it again to August 13, 2010.

After careful consideration, including review of the terms and conditions of the Offer in consultation with Airgas' financial and legal advisors, the Airgas Board, by unanimous vote at a meeting on February 20, 2010, determined that the Offer is grossly inadequate to Airgas' stockholders and that the Offer is not in the best interests of Airgas' stockholders. Accordingly, the Airgas Board unanimously recommended that Airgas stockholders reject the Offer and not tender their Airgas common stock in the Offer. In reaching this conclusion, your Board took into consideration, among other things, the following factors:

The Airgas Board believes that the Offer grossly undervalues Airgas as it does not reflect the underlying value of Airgas' assets, operations and strategic plan, including its industry-leading position, unrivaled platform and future growth prospects. Since its founding, Airgas has delivered extraordinary results for its stockholders and, by virtue of its industry position, strategic direction, management and culture, our Board believes Airgas is poised to continue to provide extraordinary results for its stockholders. Airgas has delivered superior value to its stockholders since its initial public offering in 1986, with a cumulative total stockholder return (defined as stock price appreciation plus dividends reinvested) of 4,201%<sup>1</sup> since that time, which represents a compound annual growth rate of 18% and places Airgas ahead of 94% of companies in the S&P 500 index. We believe our record of sustained growth for the calendar years 2001-2009 is similarly stellar: the compound annual growth rate during that period for revenues, earnings before interest, taxes, depreciation and amortization, or EBITDA, adjusted cash from operations and diluted earnings per share are 11%, 17%, 21% and 20%, respectively. Although the Board believes the drivers of our historical success remain in place to enable our Company to continue its extraordinary performance, stockholders should be aware that future results are inherently subject to a number of risks.

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<sup>1</sup> Market data as of market close on February 4, 2010, one day prior to Air Products publicly disclosing its unsolicited proposal.



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The Airgas Board believes that the Offer does not reflect the value of Airgas as the largest and most valuable packaged gas business in the world, with an unrivaled platform. Airgas is 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. The U.S. remains the largest market for these products in the world and even Air Products has publicly acknowledged its expectations that North America will account for more than a quarter of global GDP growth in the next five years. Airgas' position in its industry is preeminent and our Board believes Airgas is poised to continue to enhance stockholder value through organic growth and acquisitions. Airgas' national scale, strong local presence and broad product and service offerings deliver a compelling value proposition to its diversified customer base in a very attractive market.

The Airgas Board believes that the timing of the Offer is extremely opportunistic and disadvantageous to Airgas stockholders in that it seeks to exploit Airgas' only significant decline in annual EBITDA, in 22 years. Airgas historically lags going into and out of recessionary periods and has historically emerged with significant upside. Although future performance is inherently subject to risk, the Airgas Board believes that Airgas and its stockholders are poised to realize significant benefits as the economy emerges from the worst recession since the Great Depression, making this precisely the wrong time to sell Airgas.

The Airgas Board believes that Airgas' solid fourth quarter results (for the quarter and fiscal year ending March 31, 2010) indicate that Airgas' business has started to rebound as the economic recovery gains momentum. Further, in fiscal year 2010, free cash flow increased to a record \$411 million\*. Roughly two-thirds of free cash flow was used for debt reduction, totaling nearly \$254 million during the year.

The Airgas Board believes that Air Products' extreme urgency in launching the Offer reflects its desire to act when the claimed premium would appear attractive. For example, after having traded as high as \$65.45 per share in 2008 before the stock market crash, the average closing price of Airgas shares in January and February 2010 before public announcement of Air Products' \$60 proposal was \$47.34; the average daily prices which Air Products paid in their open market purchases of Airgas shares prior to the decline in stock price on January 29 was between \$47.09 and \$49.25 per share. Thus, when the Airgas closing price was \$43.53 on February 4, Air Products acted to take advantage of a temporary valuation anomaly in its attempt to transfer the future value of Airgas to Air Products at a bargain basement price.

The Airgas Board considered the fact that Merrill Lynch, Pierce, Fenner & Smith Incorporated (which we refer to as BofA Merrill Lynch) and Goldman, Sachs & Co. (which we refer to as Goldman Sachs) each rendered an opinion to the Airgas Board, subsequently confirmed in writing, that as of February 20, 2010 and based upon and subject to the factors and assumptions set forth in the written opinions, the consideration proposed to be paid to the holders of Airgas common stock (other than Air Products Distribution or its affiliates) pursuant to the Offer was inadequate from a financial point of view to such holders. The full text of the respective written opinions of BofA Merrill Lynch and Goldman Sachs, each dated February 20, 2010, and each of which sets forth the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with such opinion, are attached as Annexes B and C, respectively, to the Schedule 14D-9 that Airgas filed with the SEC on February 22, 2010. BofA Merrill Lynch and Goldman Sachs provided their respective opinions for the information and assistance of the Airgas Board in connection with its consideration of the Offer. The opinions of BofA Merrill Lynch and Goldman Sachs are not a recommendation as to whether or not any holder of Airgas common stock should tender such Airgas common stock in connection with the Offer or any other matter.

The Airgas Board believes that the Offer is highly uncertain and would require a significant amount of time to complete, even under the most favorable circumstances. Despite Air Products' public

\* Please see reconciliation of non-GAAP measure contained in Airgas' Schedule 14A filed with the SEC on May 6, 2010.

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statements designed to minimize the regulatory risks of its Offer, those regulatory risks are significant. And the regulatory concerns are amplified because Air Products failed to clear regulatory hurdles in its last attempt to acquire a major American industrial gas company, The BOC Group, despite publicly claiming it had developed a detailed divestiture plan that addressed the competitive issues. Indeed, as described in Airgas Schedule 14D-9, the Airgas Board believes that Air Products has a poor acquisition history. Stockholders should be aware that future performance is subject to numerous risks, many of which are beyond Airgas control. See Forward Looking Statements.

A more detailed description of the background of the Air Products Offer and your Board's reasons and recommendations regarding Air Products Offer can be found in Airgas Solicitation/Recommendation Statement on Schedule 14D-9 filed with the SEC on February 22, 2010, as amended from time to time, which is available at the SEC's website at [www.sec.gov](http://www.sec.gov). Free copies may be obtained by directing a request to Investor Relations, Airgas, Inc., 259 N. Radnor-Chester Road, Suite 100, Radnor, PA 19087.

### **Legal Proceedings in Connection with Air Products Offer**

On February 4, 2010, Air Products filed an action against Airgas and members of the Airgas Board in the Delaware Court of Chancery, styled *Air Products and Chemicals, Inc. v. Airgas, Inc., et al.*, Civil Action No. 5249-CC (the Delaware Action). In the suit, Air Products seeks an order declaring, among other things, that members of the Airgas Board breached their fiduciary duties in considering and rejecting Air Products offers and by not forming a special committee of independent directors to consider and negotiate Air Products offers; compelling the members of the Airgas Board to form a special committee of independent directors to consider and negotiate Air Products offer; enjoining Airgas and the members of the Airgas Board from actions that would interfere with Air Products offer in violation of their fiduciary duties; and awarding Air Products costs and attorneys' fees. On February 11, 2010, Air Products filed an amended complaint, adding a claim that members of the Airgas Board breached their fiduciary duties by permitting Airgas Chairman and Chief Executive Officer Peter McCausland to exercise options to purchase 300,000 shares of Airgas stock. In addition, the amended complaint seeks an order declaring that Cravath, Swaine & Moore LLP, counsel to Air Products, is not disqualified from advising Air Products. On February 15, 2010, Air Products filed a motion in the Delaware Action seeking a determination that Cravath is not disqualified from advising Air Products and may appear in the action on behalf of Air Products, which motion the Court granted on March 5, 2010. On February 22, 2010, Airgas and its directors filed an answer in the Delaware Action denying the material allegations of the amended complaint. Airgas and its directors believe that the claims made by Air Products are without merit and intend to defend them vigorously.

On February 5, 2010, Airgas commenced litigation against Cravath in the Court of Common Pleas of Philadelphia County, Pennsylvania, styled *Airgas, Inc. v. Cravath, Swaine & Moore LLP*, Civil Action No. 000857 Feb. 5, 2010) (the Pennsylvania Action). In the action, Airgas alleges that Cravath is conflicted from representing Air Products in its attempted acquisition of Airgas because Airgas is a client of Cravath and seeks, among other things, damages and an injunction restraining Cravath from representing Air Products in connection with its offer for Airgas. On February 9, 2010, the Court in the Pennsylvania Action denied Airgas motion for a temporary restraining order and scheduled an evidentiary hearing on Airgas motion for a preliminary injunction for February 16, 2010. On February 12, 2010, Cravath removed the Pennsylvania Action to the United States District Court for the Eastern District of Pennsylvania, styled *Airgas, Inc. v. Cravath, Swaine & Moore LLP*, No. 10-CV-612. On February 16, 2010, Cravath filed a motion asking the Court to abstain and/or stay consideration of Airgas motion to disqualify Cravath in light of Air Products claim in the Delaware Action. On February 22, 2010, the Court in the Pennsylvania Action stayed the action to allow the Court in the Delaware Action to determine whether Cravath is disqualified from representing Air Products in the Delaware Action, and denied Cravath's motion to abstain. On May 26, 2010, the Court in the Pennsylvania Action entered an order setting a briefing schedule for a motion for judgment on the pleadings by Cravath, which motion will be briefed by July 17, 2010, and staying discovery until October 15, 2010, when a status and scheduling conference will be held.

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Seven putative class action lawsuits have been commenced by Airgas stockholders against Airgas and/or the members of the Airgas Board in the Delaware Court of Chancery, styled *Hollywood Police Officers Retirement System v. Airgas, Inc., et al.*, Civil Action No. 5256-CC (filed Feb. 9, 2010); *Montgomery County Employees Ret. Fund v. Airgas, Inc., et al.*, Civil Action No. 5259-CC (filed Feb. 9, 2010); *City of Pontiac Gen. Employees Ret. System & City of Pontiac Policemen s & Firemen s Ret. System v. Peter McCausland., et al.*, Civil Action No. 5262-CC (filed Feb. 9, 2010); *Policemen s Annuity and Benefit Fund of Chicago v. Peter McCausland., et al.*, Civil Action No. 5263-CC (filed Feb. 9, 2010); *La. Mun. Police Employees Ret. System v. Airgas, Inc., et al.*, Civil Action No. 5264-CC (filed Feb. 10, 2010); *Plumbers Union Local No. 12 Pension Fund v. W. Thacher Brown., et al.*, Civil Action No. 5271-CC (filed Feb. 16, 2010); and *Steven L. Berzner v. Peter McCausland., et al.*, Civil Action No. 5282-CC (filed Feb. 23, 2010). These suits variously allege, among other things, that the Airgas Board violated its fiduciary duties to Airgas stockholders in considering and rejecting Air Products offers. The plaintiffs variously seek orders declaring that the Airgas Board breached its fiduciary duties; requiring the Airgas Board to evaluate Air Products offers and/or alternative transactions, including conducting an auction of Airgas and/or a market-check of Airgas value; restricting the Airgas Board s use of certain defensive provisions including its Rights Plan; and awarding compensatory damages, costs and attorneys fees. On March 2, 2010, the Court consolidated the seven stockholder suits in an action styled *In re Airgas, Inc. Shareholder Litigation*, Civil Action No. 5256-CC (the Shareholder Action ). On March 3, 2010, the stockholder plaintiffs filed a consolidated amended complaint in the Shareholder Action, seeking the same forms of relief as in their prior complaints and adding an allegation challenging certain disclosures in Airgas Schedule 14D-9. On March 23, 2010, Airgas and its directors filed an answer in the Shareholder Action denying the material allegations of the consolidated amended complaint. Airgas and its directors believe that the claims made by the stockholder plaintiffs are without merit and intend to defend them vigorously.

On March 4, 2010, the plaintiffs in the Shareholder Action filed a motion asking the Court to schedule an expedited trial in ninety days, which motion the Court denied on March 17, 2010. The parties agreed on a scheduling order that coordinated the Delaware Action and the Shareholder Action for purposes of pre-trial proceedings and trial, and set a trial date of October 4, 2010; the Court entered this scheduling order on March 29, 2010.

**IMPORTANT**

**YOUR VOTE IS EXTREMELY IMPORTANT IN LIGHT OF THE PROXY CONTEST BEING CONDUCTED BY AIR PRODUCTS. Whether or not you plan to attend the Annual Meeting and regardless of the number of shares you own, we urge you to sign, date and mail the enclosed WHITE proxy card to vote FOR the election of the three Airgas director nominees, or use the WHITE proxy card to vote by telephone or by Internet.**

**We urge you NOT to sign or return any proxy card sent to you by Air Products. Only your latest dated, signed proxy card will be counted, and any proxy card you sign for any reason could invalidate previous WHITE proxy cards sent by you to support your Board. If you have already sent a proxy to Air Products, you may revoke that proxy and vote for the election of our three director nominees by signing, dating and mailing the enclosed WHITE proxy card. You may also vote over the Internet using the Internet address on the WHITE proxy card or by telephone using the toll-free number on the WHITE proxy card or, if you are a street name holder, by following the instructions on your Voting Instruction Form.**

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### **ANNUAL MEETING PROCEDURES**

#### **Annual Meeting Admission**

Only Airgas stockholders may attend the Annual Meeting. Proof of ownership of Airgas common stock, along with personal identification (such as a driver's license or passport), must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the Annual Meeting in person, you must bring a brokerage statement, the proxy card mailed to you by your bank or broker or other proof of ownership as of the close of business on \_\_\_\_\_, 2010, the record date, to be admitted to the Annual Meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

#### **Voting Procedures**

##### ***Registered Stockholders***

Registered stockholders (stockholders who own our shares in their own names on the books of our transfer agent) may vote their shares or submit a **WHITE** proxy to have their shares voted by one of the following methods:

By Telephone. You may submit a proxy by telephone (from U.S. and Canada only) using the toll-free number listed on the proxy card. Please have your proxy card in hand when you call.

By Internet. You may submit a proxy electronically on the Internet by following the easy instructions provided on your proxy card.

By Mail. You may indicate your vote by completing, signing and dating your **WHITE** proxy card and returning it in the business reply envelope.

In Person. You may vote in person at the Annual Meeting by completing a ballot; however, attending the Annual Meeting without completing a ballot will not count as a vote.

##### ***Street-name Stockholders***

Street-name stockholders (stockholders who own shares beneficially in the name of a bank, broker or other holder of record on the books of our transfer agent) may generally vote their shares or submit a proxy to have their shares voted by one of the following methods:

By telephone or by Internet, as indicated on your Voting Instruction Form. Please refer to your voting instruction form or other information forwarded by your bank, broker or other holder of record to determine whether you may submit a proxy electronically on the Internet or by telephone, following the instructions on the voting instruction form or other information provided by the record holder.

By Mail. You may indicate your vote by completing, signing and dating your voting instruction form and returning it in the business reply envelope.

In Person with a Proxy from the Record Holder. A street-name stockholder who wishes to vote in person at the Annual Meeting will need to obtain a legal proxy from its bank, broker or other holder of record. Please consult the voting instruction form or other information sent to you by your bank, broker or other holder of record to determine how to obtain a legal proxy in order to vote in person at the Annual Meeting.

**Revoking Your Vote**

If you are a registered stockholder, you may revoke your vote at any time before your shares are voted at the Annual Meeting by:

timely submitting a proxy with new voting instructions using the Internet or telephone voting system;

timely delivery of a valid, later-dated executed proxy card;

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voting in person at the Annual Meeting by completing a ballot; however, attending the Annual Meeting without completing a ballot will not revoke any previously submitted proxy; or

filing an instrument of revocation which is timely received by the Secretary of Airgas, Inc. at 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087.

If you are a street-name stockholder and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, broker or other holder of record in accordance with that entity's procedures.

**Vote Required for Approval**

The presence, in person or by proxy, of stockholders entitled to cast a majority of the votes which all stockholders are entitled to cast at the Annual Meeting is necessary to constitute a quorum for the transaction of business. As described in more detail below, abstentions are not counted as shares voted in favor of a proposal but are counted as shares voted and therefore have the effect of a vote against Proposals 2, 3, 4, 5 and 6. Brokers holding shares for beneficial owners must vote their shares according to the specific instructions they receive from the owners. If specific instructions are not received, brokers may vote these shares at their discretion, except if they are precluded from exercising their voting discretion on certain proposals pursuant to the rules of the New York Stock Exchange, or NYSE. In such a case, the broker may not vote on the proposal absent specific voting instructions. This results in what is known as a broker non-vote. Brokers generally have discretion to vote on routine matters, such as the ratification of independent registered public accounting firms, but do not have discretion to vote on non-routine matters, such as the election of directors or stockholder proposals. In the contested proxy solicitation for the Annual Meeting, if you hold your shares of Airgas common stock in street name and Air Products provides you with its proxy materials through your broker, all of the proposals on the agenda will be considered non-routine matters and, accordingly, your broker will not have discretion to vote your shares on any proposals being presented at the Annual Meeting unless you provide instructions to your broker as to how your shares are to be voted.

**It will NOT help elect your Board if you sign and return proxies sent by Air Products and vote AGAINST or withhold on their directors. That may in fact cancel any previous vote you cast. The only way to support your Board's nominees is to vote FOR the Board's nominees on the WHITE proxy card.**

Following are the votes required to approve each matter to be considered by the stockholders at the Annual Meeting:

*Proposal 1. Election of Directors:* In the election for directors, every stockholder has the right to vote each share of stock owned by such stockholder on the record date for as many persons as there are directors to be elected. Cumulative voting is not permitted. To be elected, a director-nominee must receive a plurality of the votes cast at the meeting. Because Air Products has indicated that it will nominate three candidates for election to the Board of Directors, Airgas expects that the number of nominees for election as directors at the Annual Meeting will exceed the number of directors to be elected at the Annual Meeting. This means that the three nominees standing in the election who receive the greatest number of votes cast at the Annual Meeting will be elected as directors. Only votes cast FOR a nominee will be counted. Shares of common stock of stockholders abstaining from voting but otherwise present at the meeting in person or by proxy, votes withheld and broker non-votes will not be counted as votes cast for such purposes and therefore will have no effect on the results of the election.

*Proposal 2. Ratification of Selection of KPMG LLP:* The affirmative vote of a majority of the outstanding shares of our common stock present in person or by proxy at the Annual Meeting and entitled to vote on this proposal is required to approve the ratification of our selection of KPMG LLP. Abstentions will have the same effect as a vote against this proposal and broker non-votes, if any, will have no effect on the results of this vote.

*Proposal 3. Approval of Amendment to the Amended and Restated 2003 Employee Stock Purchase Plan:* The affirmative vote of a majority of the outstanding shares of our common stock present in person or by proxy

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at the Annual Meeting and entitled to vote on this proposal is required to approve the amendment to the Amended and Restated 2003 Employee Stock Purchase Plan, referred to in this proxy statement as the Employee Stock Purchase Plan. Abstentions will have the same effect as a vote against this proposal and broker non-votes, if any, will have no effect on the results of this vote.

*Proposal 4. Approval of Air Products Director Disqualification Proposal:* As discussed on pages 62 to 64, Airgas believes that the Director Disqualification Proposal is invalid. In the event that the Director Disqualification Proposal were not invalid, Airgas believes that this proposal would require the affirmative FOR vote of 67% of the voting power of all shares of Airgas entitled to vote generally in the election of directors, voting together as a single class. Abstentions and broker non-votes, if any, will have the same effect as a vote against this proposal.

Air Products takes the view that the Director Disqualification Proposal is valid and that it requires only the approval of a majority vote of the shares of Airgas common stock represented and entitled to vote at the 2010 Annual Meeting. Abstentions and broker non-votes, if any, would have the same effect as a vote against this proposal.

*Proposal 5. Approval of Air Products January Meeting Proposal:* As discussed on pages 65 to 67, Airgas believes that the January Meeting Proposal is invalid. In the event that the January Meeting Proposal were not invalid, Airgas believes that this proposal would require the affirmative FOR vote of 67% of the voting power of all shares of Airgas entitled to vote generally in the election of directors, voting together as a single class. Abstentions and broker non-votes, if any, will have the same effect as a vote against this proposal.

Air Products takes the view that the January Meeting Proposal is valid and that it requires only the approval of a majority vote of the shares of Airgas common stock represented and entitled to vote at the 2010 Annual Meeting. Abstentions and broker non-votes, if any, would have the same effect as a vote against this proposal.

*Proposal 6. Approval of Air Products By-Law Amendment Repeal Proposal:* The affirmative vote of a majority of the outstanding shares of our common stock represented and entitled to vote at the Annual Meeting is required to approve Air Products By-Law Amendment Repeal Proposal. Abstentions and broker non-votes, if any, will have the same effect as a vote against this proposal.

Under the NYSE rules, brokers may not vote shares on Proposals 1 or 3 absent instructions from the stockholders. In addition, brokers may not vote shares on Air Products Proposals 4, 5 or 6 absent instructions from the stockholders. Brokers are not precluded from voting on Proposal 2, and, therefore, there will be no broker non-votes on that proposal, subject to the special voting conditions in a proxy contest, discussed above on pages 10 to 11.

**Proxy Solicitation**

Solicitation of WHITE proxy cards may be conducted by mail, facsimile, courier service, telephone, telegraph, the Internet, e-mail, newspapers and other publications of general distribution and in person. The cost of proxy solicitation, including the cost of preparing, assembling, printing, mailing and distributing these proxy materials will be paid by Airgas. Airgas will also reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and other solicitation materials to beneficial owners of Airgas common stock. Airgas expenses related to the solicitation in excess of those normally spent for an Annual Meeting as a result of the proxy contest are expected to be approximately \$ (excluding salaries and wages of our regular employees and officers and the fees and expenses to be paid to Innisfree M&A Incorporated), of which approximately \$ has been spent to date. Appendix C sets forth information relating to Airgas directors, director nominees, officers and employees who are considered participants in our solicitation under the rules of the SEC by reason of their position as directors or director nominees or because they may be soliciting proxies on our behalf. Some of our directors, officers and other employees may solicit proxies without extra compensation by mail and, if found to be necessary, by telephone and personal interviews, and information about such persons is included in Appendix C. Airgas has also retained Innisfree M&A Incorporated to assist in the solicitation of proxies and in connection with Airgas communications with its stockholders in connection with the Offer at an anticipated fee of \$ . In addition,

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Airgas has agreed to reimburse Innisfree for its reasonable out-of-pocket expenses and to indemnify it and certain related persons against certain liabilities relating to or arising out of the engagement. Innisfree has advised Airgas that approximately 100 of its employees will be involved in soliciting Airgas stockholders on behalf of Airgas.

### **Professional Advisors**

Airgas has retained BofA Merrill Lynch and Goldman Sachs in connection with, among other things, Airgas' analysis and consideration of, and response to, the Offer. Both financial advisors will be paid customary fees for such services, will be reimbursed for their respective reasonable out-of-pocket expenses (including fees and disbursements of their respective legal counsel), and will be indemnified against certain liabilities relating to or arising out of the engagement.

Airgas has also retained Joele Frank, Wilkinson Brimmer Katcher as its public relations advisor in connection with the Offer. Airgas has agreed to pay customary compensation to Joele Frank for such services. In addition, Airgas has agreed to reimburse Joele Frank for its reasonable out-of-pocket expenses and to indemnify it and certain related persons against certain liabilities relating to or arising out of the engagement.

Except as set forth above, neither Airgas nor any person acting on its behalf has or currently intends to employ, retain or compensate any person to make solicitations or recommendations to the stockholders of Airgas on its behalf with respect to the Offer.

### **Householding of Annual Meeting Materials**

If you and other residents at your mailing address own shares of our common stock in street name, your broker or bank may have sent you only one copy of our annual report and proxy materials. This practice of sending only one copy of proxy materials is known as householding. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of our proxy materials to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm and your account number to Airgas, Inc., Investor Relations, 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087, telephone 610-687-5253. The revocation of your consent to householding will be effective 30 days following its receipt. In any event, if you did not receive an individual copy of our proxy materials, we will send a copy to you if you address your written request to or call the Secretary of Air