

AIRGAS INC  
Form 8-K  
November 30, 2005

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15 (d) of  
the Securities Exchange Act of 1934**

Date of Report (date of earliest event reported):

**November 30, 2005**

**AIRGAS, INC.**

(Exact name of registrant as specified in its charter)

Delaware

1-9344

56-0732648

(State or other  
jurisdiction of  
incorporation)

(Commission File Number)

(I.R.S. Employer  
Identification No.)

259 North Radnor-Chester Road, Suite 100  
Radnor, PA 19087-5283

(Address of principal executive offices)

Registrant's telephone number, including area code: (610) 687-5253

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).
-

**Item 7.01 Regulation FD Disclosure**

On November 30, 2005, Airgas, Inc. (the Company) is holding its annual analyst meeting in Phoenix, Arizona. At the meeting, the Company is announcing certain financial targets for fiscal years 2006 and 2008. A press release containing the financial targets is attached as Exhibit 99.1 and incorporated herein by reference.

**Non-GAAP Measures:**

The press release attached as Exhibit 99.1 contains certain financial measures that are not defined under generally accepted accounting principles (GAAP). Return on capital is a non-GAAP measure that helps investors assess how effectively the Company uses the capital invested in its operations. Free Cash Flow is a non-GAAP measure that provides investors meaningful insight into the Company's ability to generate cash from operations, which can be used at management's discretion for acquisitions, the prepayment of debt or to support other investing and financing activities. The computation and reconciliation of the non-GAAP financial measures to the closest GAAP measure are presented below:

**Computation and Reconciliation of Return on Capital**

	<b>FY06</b>	<b>FY08</b>
Operating Income	259,000	330,000
Five Quarter Average of Total Assets	2,390,000	2,760,000
Five Quarter Average of Securitized Trade Receivables	210,000	250,000
Five Quarter Average of Current Liabilities (exclusive of debt)	(319,000)	(350,000)
Five Quarter Average Capital Employed	2,281,000	2,660,000
<b>Return on Capital</b>	<b>11%</b>	<b>12%</b>

---

<b>Reconciliation of Net Cash Provided by Operating Activities to Free Cash Flow</b>	<b>Forecast FY06</b>
Net Cash Provided by Operating Activities	274,000
Less: Cash provided by the securitization of trade receivables	(30,000)
Less: Net cash provided by the operations of NWS <sup>(1)</sup>	(20,000)
 Adjusted Cash Provided by Operating Activities	 224,000
 Capital Expenditures	 (175,000)
Add: Lease Buyouts	10,000
Add: Capital Expenditures of NWS <sup>(1)</sup>	25,000
 Adjusted Capital Expenditures	 (140,000)
 Add Back:	
Management Fee paid by NWS <sup>(1)</sup>	1,000
Proceeds from Sale of Plant & Equipment	5,000
 <b>Free Cash Flow</b>	 <b>90,000</b>

(1) National Welders Supply Co. ( NWS ) is a corporate joint venture meeting the definition of a variable interest entity and for which the Company is the primary beneficiary as described under FIN 46R. The liabilities of NWS are non-recourse to the Company. Likewise, the cash flows in excess of the management fee paid by NWS are not available to the Company. Accordingly, the cash flows

of NWS have  
 been excluded  
 from the  
 Company's  
 non-GAAP Free  
 Cash Flow  
 measure.

Slide number six to be presented at the annual analyst meeting depicts an 18-year graph of sales, shareholders' equity, Adjusted EBITDA and interest expense for the period FY89 through FY06 (forecast). Adjusted EBITDA is a financial measure that is not defined under GAAP. Adjusted EBITDA and a reconciliation to cash from operations for the period FY89 through FY05 was previously disclosed in a Form 8-K dated July 8, 2005. Since the forecast of FY06 Adjusted EBITDA had not been previously disseminated to the public, the computation of the measure and associated reconciliation are furnished in this Form 8-K. The Company believes Adjusted EBITDA provides investors meaningful insight into the Company's ability to generate cash from operations to support required working capital, capital expenditures and financial obligations. Forecast fiscal 2006 Adjusted EBITDA and the related reconciliation are presented below:

<b>Reconciliation of Operating Income to Adjusted EBITDA to</b>	<b>Forecast</b>
<b>Cash from Operations</b>	<b>3/31/2006</b>
<b>Operating income</b>	259,000
Add: Depreciation & amortization	127,000
<b>Adjusted EBITDA</b>	<b>386,000</b>
<b>(Uses)/sources of cash excluded from Adjusted EBITDA, included in Cash from Operations</b>	
Interest expense, net	(56,000)
Discount on securitization of receivables	(9,000)
Current income taxes	(31,000)
Other income, net	1,000
Loss on divestiture	4,000
Gain on sale of PP&E	(1,000)
Stock issued for employee benefits	10,000
Cash used by working capital	(30,000)
<b>Net Cash Provided by Operating Activities</b>	<b>274,000</b>

The Company's intent is to provide non-GAAP financial information to enhance investors' understanding of the Company's consolidated financial statements and should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP.

Item 9.01 Financial Statements and Exhibits

- (a) None
- (b) None
- (c) None
- (d) Exhibits.

99.1 Press Release dated November 30, 2005

---

Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant and Co-Registrants have duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AIRGAS, INC.

(Registrant)

BY: /s/ Robert M. McLaughlin  
Robert M. McLaughlin  
Vice President & Controller

AIRGAS EAST, INC.  
AIRGAS GREAT LAKES, INC.  
AIRGAS MID AMERICA, INC.  
AIRGAS NORTH CENTRAL, INC.  
AIRGAS SOUTH, INC.  
AIRGAS GULF STATES, INC.  
AIRGAS MID SOUTH, INC.  
AIRGAS INTERMOUNTAIN, INC.  
AIRGAS NORPAC, INC.  
AIRGAS NORTHERN CALIFORNIA & NEVADA, INC.  
AIRGAS SOUTHWEST, INC.  
AIRGAS WEST, INC.  
AIRGAS SAFETY, INC.  
RUTLAND TOOL & SUPPLY CO., INC.  
AIRGAS CARBONIC, INC.  
AIRGAS SPECIALTY GASES, INC.  
NITROUS OXIDE CORP.  
RED-D-ARC, INC.  
AIRGAS DATA, LLC

(Co-Registrants)

BY: /s/ Robert M. McLaughlin  
Robert M. McLaughlin  
Vice President

ATNL, INC.

(Co-Registrant)

BY: /s/ Melanie Andrews  
Melanie Andrews  
President

DATED: November 30, 2005