

AIRGAS SOUTH INC
Form 424B2
September 09, 2009

Table of Contents

**As filed pursuant to Rule 424(b)(2)
Registration No. 333-161774**

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee(1)
4.50% Notes due 2014	\$399,520,000	\$22,293.22

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933 (the "Securities Act").

**Prospectus Supplement
(To prospectus dated September 8, 2009)**

\$400,000,000

4.50% Notes due 2014

We are offering \$400,000,000 principal amount of 4.50% notes due 2014 (the "notes"). We will pay interest on the notes on March 15 and September 15 of each year, beginning March 15, 2010. The notes will mature on September 15, 2014. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 above that amount. We may redeem the notes, in whole or in part, at any time and from time to time prior to their maturity at the redemption prices as described under "Description of the Notes - Optional Redemption." If we experience a change of control triggering event, we may be required to purchase the notes from holders at the applicable price as described under "Description of the Notes - Change of Control Triggering Event."

The notes will be general unsecured senior obligations and rank equally with all of our other unsecured unsubordinated indebtedness from time to time outstanding. The notes are guaranteed by certain of our domestic subsidiaries and will rank pari passu to all existing and future indebtedness and other obligations of our domestic subsidiaries.

Investing in the notes involves risks. See "Risk Factors" beginning on page S-7 for a discussion of certain risks that you should consider in connection with an investment in the notes.

	Per Note	Total
Public offering price ⁽¹⁾	99.880%	\$ 399,520,000
Underwriting discount	0.600%	\$ 2,400,000

Proceeds, before expenses, to us⁽¹⁾ 99.280% \$ 397,120,000

(1) Plus accrued interest from September 11, 2009, if settlement occurs after that date.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The underwriters expect to deliver the notes in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants on or about September 11, 2009.

BofA Merrill Lynch *Joint Book-Running Managers*
Barclays Capital **J.P. Morgan**

Lead Managers
BNY Mellon Capital Markets, LLC **Goldman, Sachs & Co.** **Wells Fargo Securities**

Co-Managers
BB&T Capital Markets **CALYON** **RBS**
Daiwa Securities America Inc. **Mizuho Securities USA Inc.** **SunTrust Robinson Humphrey**

The date of this prospectus supplement is September 8, 2009

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>About this Prospectus Supplement</u>	S-ii
<u>Forward-Looking Statements</u>	S-iii
<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-7
<u>Use of Proceeds</u>	S-10
<u>Capitalization</u>	S-11
<u>Description of Other Obligations</u>	S-12
<u>Description of the Notes</u>	S-15
<u>Material U.S. Federal Tax Consequences</u>	S-29
<u>Underwriting</u>	S-34
<u>Legal Matters</u>	S-36
<u>Experts</u>	S-36

Prospectus

	Page
About this Prospectus	1
Where You Can Find More Information	1
Incorporation of Certain Documents by Reference	2
Forward-Looking Statements	3
Airgas, Inc.	4
Use of Proceeds	5
Ratio of Earnings to Fixed Charges	5
Description of the Debt Securities and Guarantees	6
Plan of Distribution	12
Legal Matters	13
Experts	13

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which contains the terms of this offering of notes. The second part, the accompanying prospectus dated September 8, 2009, gives more general information, some of which may not apply to this offering.

This prospectus supplement and the information incorporated by reference in this prospectus supplement may add to, update or change the information in the accompanying prospectus. If information in this prospectus supplement is inconsistent with information in the accompanying prospectus, this prospectus supplement will apply and will supersede that information in the accompanying prospectus.

It is important for you to read and consider all information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents to which we have referred you in [Where You Can Find More Information](#) in the accompanying prospectus.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this prospectus supplement or the accompanying prospectus and, if given or made, such information or representations must not be relied upon as having been authorized. This prospectus supplement and the accompanying prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities described in this prospectus supplement or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus supplement and the accompanying prospectus, nor any sale made hereunder, shall under any circumstances create any implication that there has been no change in our affairs since the date of this prospectus supplement, or that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is correct as of any time subsequent to the date of such information.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes in certain jurisdictions may be restricted by law. This prospectus supplement and the accompanying prospectus do not constitute an offer, or an invitation on our behalf or the underwriters or any one of them, to subscribe to or purchase any of the notes, and may not be used for or in connection with an offer or solicitation by anyone, in any jurisdiction in which such an offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation. See [Underwriting](#).

In this prospectus supplement, unless otherwise stated or the context otherwise requires, references to [we](#), [us](#), [our](#) and [Company](#) refer to Airgas, Inc. and, in some instances, its consolidated subsidiaries. If we use a capitalized term in this prospectus supplement and do not define the term in this document, it is defined in the accompanying prospectus.

Table of Contents

FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain certain estimates, predictions, and other forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements are generally identified with the words believe, expect, anticipate, intend, estimate, target, may, will, should, continue, or the negative thereof or other similar expressions, or discussion of future goals or aspirations, which are predictions of or indicate future events and trends and which do not relate to historical matters.

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein contain statements that are forward looking within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements regarding: the Company's expectation that fiscal 2010 second quarter net earnings will range from \$0.64 to \$0.69 per diluted share; the Company's expectation that fiscal 2010 earnings will range from \$2.65 to \$2.85 per diluted share and that its overall effective tax rate for fiscal 2010 will range from 39.0% to 39.5% of pre-tax earnings; the continued weak business climate; our identification of an additional \$12 million of annual expense reductions to be fully implemented by the end of the second quarter; our realization of \$45 million in annual expense reductions and \$10 million of additional expected annual savings in fiscal 2010 from ongoing efficiency initiatives; the Company's ability and intention to refinance principal payments on its outstanding term loans with borrowings under its long-term revolving credit facilities; the Company's evaluation of its trade receivable securitization agreement and bank arrangements; the Company's expectation that its accounts receivable securitization will be available as a source of funds through its expiration date in March 2010; the Company's belief that if the accounts receivable securitization was not available as a source of funds that it could secure an alternate source of funds; the Company's ability to manage its exposure to interest rate risk through the use of interest rate swap agreements; the performance of counterparties under interest rate swap agreements; the Company's estimate that for every 25 basis point increase in LIBOR, annual interest expense will increase approximately \$2 million; the estimate of future interest payments on the Company's long-term debt obligations; and the estimate of future payments or receipts under interest rate swap agreements.

These forward-looking statements involve risks and uncertainties. Factors that could cause actual results to differ materially from those predicted in any forward-looking statement include, but are not limited to: the Company's inability to meet its earnings estimates due to lower sales, higher product costs and/or higher operating expenses than that forecasted by the Company; continued weakening of the economy resulting in weakening demand for the Company's products; weakening operating and financial performance of the Company's customers, which can negatively impact the Company's sales and the Company's ability to collect its accounts receivable; changes in the environmental regulations that affect the Company's production and sales of specialty gases and other products; higher or lower overall tax rates in fiscal 2010 than that estimated by the Company resulting from changes in tax laws, reserves and other estimates; increase in debt in future periods and the impact on the Company's ability to pay and/or grow its dividend; a decline in demand from markets served by the Company; adverse customer response to the Company's strategic product sales initiatives; the Company's inability to continue sales of strategic products in markets growing faster than GDP; a lack of cross-selling opportunities for the Company's strategic products; a lack of specialty gas sales growth due to a downturn in certain markets; the negative effect of an economic downturn on strategic product sales and margins; the inability of strategic products to diversify against cyclicalities; supply shortages of certain gases and the resulting inability of the Company to meet customer gas requirements; customers' acceptance of current prices and of future price increases; adverse changes in customer buying patterns; a rise in product costs and/or operating expenses at a rate faster than the Company's ability to increase prices; higher or lower capital expenditures than that estimated by the Company; the inability to refinance payments on the term loans due to a lack of availability

under the revolving credit facilities; limitations on the Company's borrowing capacity dictated by the Senior Credit Facility (as defined in "Description of Other Obligations" herein); our continued ability to access credit markets on satisfactory terms; the impact of tightened credit markets on our customers; the impact of changes in tax and fiscal policies and laws; the extent and duration of current

S-iii

Table of Contents

recessionary trends in the U.S. economy; potential disruption to the Company's business from integration problems associated with acquisitions; the Company's success in implementing and continuing its cost reduction program; the Company's ability to successfully identify, consummate and integrate acquisitions to achieve anticipated acquisition synergies; potential liabilities arising from withdrawals from the Company's assumed multi-employer pension plans; the inability to pay dividends as a result of loan covenant restrictions; the inability to manage interest rate exposure; the potential reduction in the availability of the Company's securitization agreement; higher or lower interest expense than that estimated by the Company due to changes in debt levels or increases in interest rates; unanticipated non-performance by counterparties related to interest rate swap agreements; the effects of competition from independent distributors and vertically integrated gas producers on products, pricing and sales growth; changes in product prices from gas producers and name-brand manufacturers and suppliers of hardgoods; changes in customer demand resulting in the inability to meet minimum product purchases under supply agreements; and the effects of, and changes in, the economy, monetary and fiscal policies, laws and regulations, inflation and monetary fluctuations, both on a national and international basis. The Company does not undertake to update any forward-looking statement made herein or that may be made from time to time by or on behalf of the Company.

S-iv

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us. It may not contain all of the information that may be important to you in deciding whether to invest in the notes. You should read this entire prospectus supplement and the accompanying prospectus, including our consolidated financial statements and related notes, together with the information incorporated by reference, before making an investment decision. Our fiscal year ends on March 31 and whenever we refer to any of our fiscal years, we refer to the twelve-month period ending March 31 of such year.

Our Company

We are 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. We are also one of the largest U.S. distributors of safety products, the largest U.S. producer of nitrous oxide and dry ice, the largest liquid carbon dioxide producer in the Southeast, the fifth largest producer of atmospheric merchant gases in North America and a leading distributor of process chemicals, refrigerants and ammonia products. During the year ended March 31, 2009, we had revenues of \$4.35 billion and adjusted EBITDA of \$766.3 million. In addition, during the three months ended June 30, 2009, we had revenues of \$979.3 million and adjusted EBITDA of \$174.2 million. We provide a reconciliation of adjusted EBITDA to its closest GAAP counterpart in Summary Historical Financial Data.

With sales to a wide variety of industry segments and no single customer accounting for more than 0.5% of sales, our revenues are not dependent on a single or small group of customers or industry segments. We market our products to this diversified customer base through an integrated network of more than 14,000 employees and over 1,100 locations including branches, retail stores, packaged gas fill plants, specialty gas labs, production facilities, and distribution centers. We also distribute our products and services through retail stores, strategic customer account programs, telesales, catalogs, e-business as well as independent distributors. Our national scale and strong local presence offer a competitive edge to our diversified customer base.

We have two reporting segments, Distribution and All Other Operations. The Distribution business segment, which accounted for approximately 90% of consolidated sales for the fiscal year ended March 31, 2009, primarily engages in the distribution of industrial, medical, and specialty gases, hardgoods, and in the production of gases primarily to supply the regional distribution companies. The Distribution business segment derives revenues from the sale of gases, including industrial, medical and specialty gases sold in packaged and bulk quantities, rental revenues and the distribution of hardgoods. Gas sales in the Distribution business segment include nitrogen, oxygen, argon, helium, hydrogen, welding and fuel gases, such as acetylene, propylene and propane, carbon dioxide, nitrous oxide, ultra high purity grades, special application blends and process chemicals. The Distribution business segment derives rental income from gas cylinders, cryogenic liquid containers, bulk storage tanks, tube trailers and through the rental of welding and welding related equipment. Hardgoods consist of welding consumables and equipment, safety products, and maintenance, repair and operating supplies. Gas sales and rental income represented 57% and hardgoods sales represented 43% of the Distribution business segment's sales for the fiscal year ended March 31, 2009.

The All Other Operations business segment consists of six business units. The primary products manufactured and distributed are carbon dioxide, dry ice (solid form of carbon dioxide), nitrous oxide, ammonia and refrigerant gases. The All Other Operations business segment accounted for 10% of our consolidated sales for the fiscal year ended March 31, 2009.

We operate in 48 states, Canada and to a lesser extent Mexico, Russia, Dubai and Europe. Our Distribution business segment operates a network of multiple use facilities consisting of approximately 850 branches, 325 cylinder fill

plants, 65 regional specialty gas laboratories, nine national specialty gas laboratories, one research and development center, two specialty gas equipment centers, 19 acetylene plants and 16 air separation units, as well as six regional distribution centers, various customer call centers, buying centers and administrative offices. Our All Other Operations business segment consists of businesses, located throughout the United States,

S-1

Table of Contents

which operate multiple use facilities consisting of approximately 70 branch/distribution locations, seven liquid carbon dioxide and 11 dry ice production facilities, and four nitrous oxide production facilities.

Our industry has three principal modes of gas distribution: on-site supply, bulk or merchant supply, and cylinder or packaged gas supply. Our market focus has been on packaged gas distribution, supplying customers with gases in cylinders, and in less than truck-load bulk quantities. Generally, packaged gas distributors also sell welding hardgoods. We believe the U.S. market for packaged gases and welding hardgoods to be approximately \$13 billion in annual revenues.

We are the largest distributor of packaged gases and welding hardgoods in the United States, with approximately 25% market share. Our competitors in this market include local and regional independent distributors, which serve about half of the market, and large independent distributors and vertically integrated gas producers, which serve the remaining market. We also sell safety equipment. We believe the U.S. market for safety equipment is greater than \$7 billion annually, of which our share is approximately 10%.

Our Strategy

Our primary objective is to maximize shareholder value by driving market-leading sales growth through core and strategic product offerings that leverage our infrastructure and customer base, by pursuing acquisitions in our core business and in adjacent businesses, by providing outstanding customer service and by improving operational efficiencies. To meet this objective, we are focusing on:

high potential growth markets, such as energy and infrastructure construction;

less cyclical markets, such as medical, environmental, research, life sciences and food products;

strategic product offerings expected to grow faster than the overall economy, such as bulk gases, specialty gases, medical products, carbon dioxide and safety products;

continued account penetration;

improved training, tools and resources for front line associates;

reducing costs associated with production, cylinder maintenance and distribution logistics; and

acquisitions to complement and expand our business and to leverage our significant national platform.

Corporate information

Our executive offices are located at 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087-5283, and our telephone number is (610) 687-5253. Our common stock is listed under the symbol ARG on the New York Stock Exchange.

Table of Contents

THE OFFERING

The summary below describes the principal terms of the notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. For a more detailed description of the terms and conditions of the notes, see the section entitled Description of the Notes.

Issuer	Airgas, Inc.
Notes Offered	\$400 million aggregate principal amount of 4.50% Notes due 2014.
Maturity	The notes will mature on September 15, 2014.
Further Issuances	We may create and issue additional notes ranking equally and ratably with the notes in all respects, so that such additional notes shall be consolidated and form a single series with the notes, including for purposes of voting and redemptions.
Interest	4.50% per year.
Interest Payment Dates	March 15 and September 15 of each year, commencing March 15, 2010.
Ranking	<p>The notes:</p> <ul style="list-style-type: none">are unsecured;rank equally with all our existing and future unsecured and unsubordinated debt;are senior to any future subordinated debt; andare effectively subordinated to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness. <p>As of June 30, 2009, we had indebtedness of approximately \$1.7 billion (excluding intercompany liabilities) and \$1.1 billion of this indebtedness ranks equally with the notes.</p>
Guarantees	The notes are guaranteed by certain of our domestic subsidiaries and will rank pari passu to all existing and future indebtedness and other obligations, including trade payables, of our domestic subsidiaries. As of June 30, 2009, our domestic subsidiaries had approximately \$966 million of liabilities (excluding intercompany liabilities). The guarantees by our domestic subsidiaries of the notes will be automatically released upon the release of such subsidiaries' guarantees under our Senior Credit Facility.
Optional Redemption	We may redeem, at our option, at any time and from time to time prior to maturity, any or all of the notes of each series, in whole or in part as described in the section entitled Description of the Notes Optional Redemption.

Change of Control Triggering Event Upon a Change of Control Triggering Event (as defined in Description of the Notes Change of Control Triggering Event), you will have the right to require us to repurchase your notes at a repurchase price equal to 101% of the principal amount of the notes repurchased, plus accrued and unpaid interest.

S-3

Table of Contents

Covenants

The indenture under which the notes will be issued contains covenants for your benefit. These covenants restrict our ability, with certain exceptions, to:

incur liens;

engage in sale/leaseback transactions; and

merge or consolidate with another entity.

Use of Proceeds

We anticipate that we will receive approximately \$396.7 million in net proceeds from the offering of the notes, after deducting underwriting discounts and commissions and other estimated expenses of the offering.

The net proceeds from the sale of the notes will be used for general corporate purposes including repaying revolving indebtedness under our Senior Credit Facility.

Risk Factors

See Risk Factors and other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of factors you should consider carefully before investing in the notes.

Table of Contents**SUMMARY HISTORICAL FINANCIAL DATA**

We derived the summary consolidated historical financial data shown below from our historical consolidated financial statements. The consolidated historical financial data as of March 31, 2008 and 2009 and for the years ended March 31, 2007, 2008 and 2009 are derived from our audited consolidated financial statements incorporated by reference in this prospectus supplement. The consolidated historical financial data as of June 30, 2009 and for the three months ended June 30, 2008 and 2009 are derived from the unaudited consolidated financial statements incorporated by reference in this prospectus supplement. You should read these summary consolidated historical financial data together with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and related notes in our Annual Report on Form 10-K for the fiscal year ended March 31, 2009 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009, which are incorporated by reference herein.

	Year Ended March 31,			Three Months Ended June 30,	
	2009	2008	2007	2009	2008
	(\$ in thousands)				
Statement of Earnings Data:					
Net sales	\$ 4,349,455	\$ 4,017,024	\$ 3,205,051	\$ 979,257	\$ 1,116,714
Cost of products sold (excluding depreciation expense)	2,045,020	1,929,263	1,567,232	439,836	538,465
Selling, distribution and administrative expenses	1,558,772	1,422,162	1,148,979	375,113	389,893
Depreciation	198,033	175,802	138,818	51,583	48,098
Amortization	22,762	13,973	8,525	4,816	5,406
Operating income	524,868	475,824	341,497	107,909	134,852
Interest expense, net	(84,395)	(89,485)	(60,180)	(18,367)	(19,080)
Discount on securitization of trade receivables	(10,738)	(17,031)	(13,630)	(1,615)	(2,984)
Loss on the extinguishment of debt			(12,099)		
Other income (expense), net	(382)	1,454	1,556	1,205	320
Earnings before income taxes and minority interest	429,353	370,762	257,144	89,132	113,108
Income taxes	(168,265)	(144,184)	(99,883)	(34,316)	(44,225)
Minority interest in earnings of consolidated affiliate		(3,230)	(2,845)		
Net earnings	\$ 261,088	\$ 223,348	\$ 154,416	\$ 54,816	\$ 68,883
Cash Flow Statement Data:					
Capital expenditures	\$ 351,912	\$ 267,378	\$ 238,274	\$ 67,312	\$ 85,564
Net cash provided by operating activities	582,767	549,926	326,343	162,259	128,619
Net cash used in investing activities	(609,924)	(739,445)	(917,955)	(69,098)	(105,433)
	31,297	206,636	582,558	(80,617)	(1,288)

Net cash provided by financing
activities

	As of March 31,		June 30,
	2009	2008	2009
	(\$ in thousands)		
Balance Sheet Data:			
Plant and equipment, net	\$ 2,366,526	\$ 2,194,870	\$ 2,386,806
Total assets	4,399,537	3,987,264	4,392,514
Current portion of long-term debt	11,058	40,400	11,033
Long-term debt, excluding current portion	1,750,308	1,539,648	1,675,194
Total debt	1,761,366	1,580,048	1,686,227
Total stockholders' equity	1,571,755	1,413,336	1,636,104

S-5

Table of Contents**Reconciliation of Adjusted EBITDA**

We define adjusted EBITDA as operating income before stock-based compensation expense, and depreciation and amortization. We believe adjusted EBITDA provides investors meaningful insight into our ability to generate cash from operations to support required working capital, capital expenditures, debt repayment and other financial obligations, as well as to fund future acquisitions. Adjusted EBITDA is not a measure of performance under GAAP, and our computation of adjusted EBITDA may vary from others in our industry. You should not consider adjusted EBITDA as an alternative to operating income or net income as a measure of our operating performance or to cash flows as a measure of our liquidity. Adjusted EBITDA has important limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. For example, adjusted EBITDA:

does not reflect our cash expenditures or requirements for capital expenditures or capital commitments;

does not reflect changes in, or cash requirements for, our working capital needs; and

does not reflect any costs related to the current or future replacement of assets being depreciated and amortized.

The following table provides a reconciliation of operating income to adjusted EBITDA to net cash provided by operating activities (in millions):

	Three Months Ended		Year Ended	
	June 30, 2009	June 30, 2008	March 31, 2009	March 31, 2008
Operating income	\$ 107.9	\$ 134.9	\$ 524.9	\$ 475.8
Add:				
Depreciation & amortization	56.4	53.5	220.8	189.8
Stock-based compensation expense	9.9	8.0	20.6	16.6
Adjusted EBITDA	\$ 174.2	\$ 196.4	\$ 766.3	\$ 682.2
(Uses)/sources of cash excluded from Adjusted EBITDA, included in Cash from Operations:				
Interest expense, net	(18.4)	(19.1)	(84.4)	(89.5)
Discount on securitization of receivables	(1.6)	(3.0)	(10.7)	(17.0)
Current income taxes	(18.7)	(20.8)	(65.0)	(69.5)
Other income (expense), net	1.2	0.3	(0.4)	1.5
(Gain)/losses on sale of PP&E	0.3		(1.0)	0.7
Cash provided (used) by working capital	25.2	(25.2)	(22.1)	41.5
Net Cash Provided by Operating Activities	\$ 162.2	\$ 128.6	\$ 582.7	\$ 549.9

RATIO OF EARNINGS TO FIXED CHARGES

Edgar Filing: AIRGAS SOUTH INC - Form 424B2

The ratio of earnings to fixed charges has been computed by dividing earnings available for fixed charges by fixed charges. For purposes of computing this ratio, earnings available for fixed charges principally consists of (i) earnings before income taxes and minority interests, plus (ii) fixed charges. Fixed charges principally consists of interest expense and the portion of rental expense that is representative of the interest factor.

	Three Months Ended June 30, 2009	March 31, 2009	March 31, 2008	Fiscal Year Ended		
				March 31, 2007	March 31, 2006	March 31, 2005
Ratio of Earnings to Fixed Charges	3.98X	4.17X	3.55X	3.35X	3.18X	2.72X

S-6

Table of Contents

RISK FACTORS

Any investment in the notes involves a high degree of risk. You should carefully consider the risks described below, as well as those discussed under "Risk Factors" in our Annual Report on Form 10-K for the year ended March 31, 2009 and our Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2009, each incorporated by reference herein, before making a decision to invest in the notes. Some of these factors relate principally to our business. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also have a material adverse effect on our business and operations.

If any of the matters included in the following risks were to occur, our business, financial condition, results of operations, cash flows or prospects could be materially adversely affected. In such case, you may lose all or part of your original investment.

Risks Relating to Investment in the Notes

Investors may find it difficult to trade the notes.

The notes are a new issue of securities, and there is currently no public market for the notes. We do not intend to apply for listing of the notes on any securities exchange. Although the underwriters have informed us that they intend to make a market in the notes, they are under no obligation to do so and may discontinue any market making activities at any time without notice. Any such market making will be subject to the limitations imposed by the Securities Act and the Exchange Act and may be limited during the exchange offer for the notes.

We also cannot assure you that you will be able to sell your notes at a particular time or that the prices that you receive when you sell will be favorable. We also cannot assure you as to the level of liquidity of the trading market for the notes. Future trading prices of the notes will depend on many factors, including:

our operating performance, prospects and financial condition or the operating performance, prospects and financial condition of companies in our industry generally;

the interest of securities dealers in making a market for the notes; and

the market for similar securities.

It is possible that the market for the notes will be subject to disruptions. Any disruptions may have a negative effect on the holders of the notes, regardless of our prospects and financial performance.

Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and the market price of our securities.

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the rating agencies can include maintaining, upgrading, or downgrading the current rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading would likely increase our cost of financing, limit our access to the capital markets and have an adverse effect on the market price of our securities.

We may not have sufficient funds to purchase notes upon a change of control triggering event.

If there is a change of control triggering event under the terms of the indenture governing the notes, each holder of notes may require us to purchase all or a portion of their notes at a purchase price equal to 101% of the principal amount thereof, plus accrued interest to the date of purchase. In order to purchase any outstanding notes, we might have to refinance our outstanding indebtedness, which we might not be able to do. Even if we were able to refinance our other indebtedness, any financing might be on terms unfavorable to us. In addition, our Senior Credit Facility provides that the occurrence of certain kinds of change of control events will constitute a default under our Senior Credit Facility. We cannot assure you that we will have the

S-7

Table of Contents

financial ability to purchase outstanding notes upon the occurrence of a change of control. See Description of the Notes Change of Control Triggering Event.

Not all of our subsidiaries guarantee our obligations under the notes, and the assets of the non-guarantor subsidiaries may not be available to make payments on the notes.

Our present and future foreign subsidiaries and domestic unrestricted subsidiaries will not be guarantors of the notes. Payments on the notes are only required to be made by the subsidiary guarantors and us. As a result, no payments are required to be made from the assets of subsidiaries that do not guarantee the notes, unless those assets are transferred by dividend or otherwise to us or a subsidiary guarantor. Our non-guarantor subsidiaries generated 1.5% of our total net sales in fiscal 2009.

In the event of a bankruptcy, liquidation or reorganization of any of the non-guarantor subsidiaries, holders of their indebtedness, including their trade creditors and other obligations, including any preferred stock, will be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us. As a result, the notes are effectively subordinated to all the liabilities of the non-guarantor subsidiaries. In addition, the guarantees by our domestic subsidiaries will be automatically released upon the release of such guarantees under our Senior Credit Facility, and our 2004 Notes and 2008 Notes (as defined in Description of other Obligations herein).

The instruments governing our indebtedness do not limit our acquisitions and may allow us to incur additional indebtedness in relation to acquisitions.

We have historically expanded our business primarily through acquisitions. A part of our business strategy is to continue to grow through acquisitions that complement and expand our distribution network. During fiscal 2009, we completed 14 acquisitions. The indenture governing the notes, and the terms of our other indebtedness, do not limit the number or scale of acquisitions that we may complete. Because the consummation of acquisitions and integration of acquired businesses involves significant risk, this means that holders of the notes will be subject to the risks inherent in our acquisitive strategy.

U.S. bankruptcy or fraudulent conveyance law may interfere with the payment of the subsidiary guarantees.

Our subsidiaries will not receive any of the proceeds from the notes. Under U.S. federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be subordinated to all other indebtedness of that subsidiary guarantor if, among other things, the subsidiary guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

incurred the guarantee with the intent of hindering, delaying or defrauding current or future creditors; or

received less than reasonably equivalent value or fair consideration for incurring the guarantee; and

were insolvent or were rendered insolvent by reason of the incurrence;

were engaged, or about to engage, in a business or transaction for which the assets remaining with it constituted unreasonably small capital to carry on our business;

intended to incur, or believed that it would incur, debts beyond its ability to pay as these debts matured; or

were a defendant in an action for money damages, or had a judgment for money damages entered against us if, in either case, after final judgment the judgment was unsatisfied.

The measure of insolvency for these purposes will vary depending upon the law of the jurisdiction that is being applied in any proceeding. Generally, however, a debtor would be considered insolvent if, at the time the debtor incurred the indebtedness, either:

the sum of the debtor's debts and liabilities, including contingent liabilities, is greater than the debtor's assets at fair value; or

S-8

Table of Contents

the present fair saleable value of the debtor's assets is less than the amount required to pay the probable liability on the debtor's total existing debts and liabilities, including contingent liabilities, as they become absolute and matured.

If the subsidiary guarantees are not enforceable, the notes would be effectively junior in ranking to all liabilities of the subsidiary guarantors, including trade payables of the subsidiary guarantors, and to any other prior claims, including claims by holders of any preferred stock. In addition, any payment by such subsidiary guarantor pursuant to its guarantee could be voided and required to be returned to such guarantor, or to a fund for the benefit of the creditors of the subsidiary guarantor.

S-9

Table of Contents

USE OF PROCEEDS

We anticipate that we will receive approximately \$396.7 million in net proceeds from the offering of the notes, after deducting underwriting discounts and commissions and other estimated expenses of the offering.

We intend to use the net proceeds from the sale of the notes offered by this prospectus supplement for general corporate purposes, which may include repayment of our revolving indebtedness under our Senior Credit Facility. Revolving indebtedness under our Senior Credit Facility can be reborrowed. Our Senior Credit Facility will mature on July 25, 2011. U.S. dollar revolver borrowings under the Senior Credit Facility bear interest at the London Interbank Offered Rate (LIBOR) plus 50.0 basis points. Certain of the underwriters or their affiliates are lenders under our Senior Credit Facility and as such are entitled to be repaid with the net proceeds that are used to repay revolving indebtedness under our Senior Credit Facility.

S-10

Table of Contents**CAPITALIZATION**

The following table sets forth our capitalization as of June 30, 2009, and as adjusted to give effect to the sale of the notes in this offering. You should read this table in conjunction with "Use of Proceeds" and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus. The as adjusted information may not reflect our cash, debt and capitalization in the future.

Capitalization

	As of June 30, 2009	
	Actual	As Adjusted⁽¹⁾
	(\$ in thousands)	
Cash	\$ 59,732	\$ 59,732
Debt (including current portion):		
Revolving credit facility ⁽²⁾	\$ 739,583	\$ 342,843
Term loans	375,000	375,000
Money market loans		
Acquisition and other notes	21,644	21,644
Notes offered hereby		400,000
Total senior debt	1,136,227	1,139,487
Senior Subordinated Notes due 2014	150,000	150,000
Senior Subordinated Notes due 2018	400,000	400,000
Total debt ⁽³⁾	1,686,227	1,689,487
Total stockholders' equity	1,636,104	1,636,104
Total capitalization	\$ 3,322,331	\$ 3,325,591

(1) As adjusted for the offering and the application of the net proceeds of the offering, assuming that all net proceeds are used to repay outstanding revolving indebtedness under our Senior Credit Facility.

(2) Our Senior Credit Facility has a maximum availability of \$991 million under a U.S. dollar revolving credit line, up to \$75 million (U.S. dollar equivalent) under a multi-currency revolving credit line and C\$40 million (U.S. \$34.4 million) under a Canadian dollar revolving credit line. As of June 30, 2009, there were \$727 million and C\$15 million (U.S. \$13 million) outstanding under our Senior Credit Facility. As adjusted to give effect to this offering and the use of proceeds described herein, we would be able to borrow up to approximately \$716 million under our Senior Credit Facility. Totals do not include \$42 million in letters of credit outstanding as of June 30, 2009.

(3) Total debt does not include \$295 million of receivables sold under our \$345 million trade receivables securitization facility because it does not appear as a liability on our consolidated balance sheet.

Table of Contents

DESCRIPTION OF OTHER OBLIGATIONS

Senior Credit Facility

We maintain a senior credit facility with a syndicate of lenders. The \$1.7 billion senior unsecured credit facility (the Senior Credit Facility) permits us to borrow up to \$991 million under a U.S. dollar revolving credit line, up to \$75 million (U.S. dollar equivalent) under a multi-currency revolving credit line, and up to C\$40 million (U.S. \$39 million) under a Canadian dollar revolving credit line. The Senior Credit Facility also contains a term loan provision through which the Company borrowed \$600 million with scheduled repayment terms. The term loans are repayable in quarterly installments of \$22.5 million through June 30, 2010. The quarterly installments then increase to \$71.2 million from September 30, 2010 to June 30, 2011. Our Senior Credit Facility will mature on July 25, 2011.

As of June 30, 2009, the Company had approximately \$1.1 billion of borrowings under the Senior Credit Facility: \$696 million under the U.S. dollar revolver, \$375 million under the term loans, \$31 million (in U.S. dollars) under the multi-currency revolver and C\$15 million (U.S. \$13 million) under the Canadian dollar revolver. The Company also had outstanding letters of credit of \$42 million issued under the Senior Credit Facility. The U.S. dollar revolver borrowings and the term loans bear interest at LIBOR plus 50.0 basis points. The multi-currency revolver bears interest based on a spread of 50.0 basis points over the Euro currency rate applicable to each foreign currency borrowing. The Canadian dollar borrowings bear interest at the Canadian Bankers Acceptance Rate plus 50.0 basis points. As of June 30, 2009, the average effective interest rates on the U.S. dollar revolver, the term loans, the multi-currency revolver and the Canadian dollar revolver were 1.04%, 1.22%, 1.41% and 1.12%, respectively. In July, the Company's credit ratings were upgraded resulting in a lowering of the interest rate spreads on the borrowings above from 62.5 basis points to 50.0 basis points effective July 31, 2009.

Total Borrowing Capacity

As of June 30, 2009, approximately \$319 million remained unused under the Company's Senior Credit Facility. At June 30, 2009, the financial covenants of the Senior Credit Facility do not restrict the Company's ability to borrow on the unused portion of the Senior Credit Facility. The Senior Credit Facility contains customary events of default, including nonpayment and breach covenants. In the event of default, repayment of borrowings under the Senior Credit Facility may be accelerated. The Company's Senior Credit Facility also contain cross-default provisions whereby a default under the Senior Credit Facility would likely result in defaults under the senior subordinated notes discussed below.

The Company's domestic subsidiaries, exclusive of the bankruptcy-remote special purpose entity (the domestic subsidiaries), guarantee the U.S. dollar revolver, term loans, multi-currency revolver and Canadian dollar revolver. The multi-currency revolver and Canadian dollar revolver are also guaranteed by the Company and the Company's foreign subsidiaries. The guarantees are full and unconditional and are made on a joint and several basis. The Company has pledged 100% of the stock of its domestic subsidiaries and 65% of the stock of its foreign subsidiaries as surety for its obligations under the Senior Credit Facility. The Senior Credit Facility provides for the release of the guarantees and collateral if the Company attains an investment grade credit rating and a similar release on certain other debt.

We continue to look for acquisition candidates. The financial covenant calculations of our existing credit agreement include the pro forma results of acquired businesses. Therefore, total borrowing capacity is not reduced dollar-for-dollar with acquisition financing.

We continually evaluate alternative financing and believe we can obtain financing on reasonable terms if our requirements exceed amounts available under our existing credit agreement. The terms of any future financing arrangements depend on market conditions and our financial position at that time.

S-12

Table of Contents

Money Market Loans

The Company has an agreement with a financial institution that provides access to short-term advances not to exceed \$35 million. The agreement expires on December 1, 2009, but may be extended subject to renewal provisions contained in the agreement. The advances are generally overnight or for up to seven days. The amount, term and interest rate of an advance are established through mutual agreement with the financial institution when the Company requests such an advance. At June 30, 2009, there were no advances outstanding under the agreement.

Senior Subordinated Notes

The Company has \$150 million of registered, senior subordinated notes (the 2004 Notes) outstanding with a maturity date of July 15, 2014. The 2004 Notes bear interest at a fixed annual rate of 6.25%, payable semi-annually on January 15 and July 15 of each year. The 2004 Notes have an optional redemption provision, which permits the Company, at its option, to call the 2004 Notes at scheduled dates and prices. The 2004 Notes are callable at 103.125% of the principal amount between July 15, 2009 and July 14, 2010.

The Company also has \$400 million of senior subordinated notes (the 2008 Notes) outstanding with a maturity date of October 1, 2018. The 2008 Notes bear interest at a fixed annual rate of 7.125%, payable semi-annually on October 1 and April 1 of each year. The 2008 Notes have an optional redemption provision, which permits the Company, at its option, to call the 2008 Notes at scheduled dates and prices. The first scheduled optional redemption date is October 1, 2013 at a price of 103.563% of the principal amount.

The 2004 Notes and 2008 Notes contain covenants that could restrict the payment of dividends, the repurchase of common stock, the issuance of preferred stock, and the incurrence of additional indebtedness and liens. The 2004 Notes and 2008 Notes are fully and unconditionally guaranteed jointly and severally, on a subordinated basis, by each of the 100% owned domestic guarantors under the Senior Credit Facility.

Acquisition and Other Notes

Our long-term debt also includes acquisition and other notes, principally consisting of notes issued to sellers of businesses acquired, which are repayable in periodic installments. At June 30, 2009, acquisition and other notes totaled \$22 million and had an average interest rate of approximately 6%, and an average maturity of approximately two years.

Trade Receivables Securitization

We participate in a securitization agreement (the Agreement) with three commercial banks to which we sell qualifying trade receivables on a revolving basis. The maximum amount of the facility is \$345 million. The size of the facility was reduced from \$360 million to \$345 million in March 2009, due to the elimination of a \$15 million subordinated funding tranche, which was previously part of the facility. The Agreement expires in March 2010. The Company expects continued availability under the Agreement until it expires in March 2010 and under similar agreements thereafter. Given the contraction of the securitized asset market in the current credit environment, the Company is evaluating the current arrangement with the banks and will evaluate this and other financing alternatives in fiscal 2010. Based on the characteristics of its receivable pool, the Company believes that trade receivable securitization will continue to be an attractive source of funds. In the event such source of funding was unavailable or reduced, the Company believes that it would be able to secure an alternative source of funds. During the three months ended June 30, 2009, the Company sold approximately \$875 million of trade receivables and remitted to bank conduits, pursuant to a servicing agreement, approximately \$891 million in collections on those receivables. The amount of receivables sold under the Agreement was \$295 million at June 30, 2009 and \$311 million at March 31, 2009. The

Agreement contains customary events of termination, including standard cross default provisions with respect to outstanding debt.

S-13

Table of Contents

Interest Rate Swap Agreements

We manage our exposure to changes in market interest rates. Our involvement with derivative instruments is limited to highly effective fixed interest rate swap agreements used to manage well-defined interest rate risk exposures. At June 30, 2009, the Company had 15 fixed interest rate swap agreements outstanding with a notional amount of \$550 million. These swaps effectively convert \$550 million of variable interest rate debt associated with the Senior Credit Facility to fixed rate debt. At June 30, 2009, these swap agreements required the Company to make fixed interest payments based on a weighted average effective rate of 4.16% and receive variable interest payments from the counterparties based on a weighted average variable rate of 2.02%. At June 30, 2009, the remaining terms of these swap agreements ranged from 1 to 18 months, with \$300 million of fixed rate swap agreements having matured in July and August 2009. We monitor our positions and the credit ratings of our counterparties and do not anticipate non-performance by the counterparties.

S-14

Table of Contents

DESCRIPTION OF THE NOTES

Airgas will issue the notes under an Indenture, to be dated as of September 11, 2009 among itself, the guarantors named therein and The Bank of New York Mellon, as trustee, as supplemented by a First Supplemental Indenture to be dated as of September 11, 2009 among Airgas, the guarantors named therein and The Bank of New York Mellon, as trustee. As used in this section, all references to the Indenture mean the Indenture as supplemented by the First Supplemental Indenture. The terms of the notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939.

The following description is a summary of the material provisions of the Indenture. It does not restate that agreement in its entirety. We urge you to read the Indenture because it, and not this description, defines your rights as holders of the notes. Copies of the Indenture are available by writing to Airgas, Inc., 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087-5283, Attn: General Counsel. In this description, Airgas, we, us and our refers only to Airgas, Inc. and not to any of our subsidiaries. You can find the definitions of certain terms used in this description under the subheading Covenants Definitions. Certain defined terms used in this description but not defined below under Covenants Definitions have the meanings assigned to them in the Indenture.

Maturity, Principal and Interest

The notes will mature on September 15, 2014 and will be issued in an initial aggregate principal amount of \$400 million. Additional notes of the same class and series may be issued in one or more tranches from time to time, without notice to or the consent of the existing holders of the notes. Notes will be issued in minimum denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof.

The notes will be our unsecured unsubordinated obligations and will rank equally with all of our other unsecured and unsubordinated indebtedness from time to time outstanding. The notes will be senior to any of our subordinated indebtedness from time to time outstanding and will rank junior to our secured indebtedness from time to time outstanding to the extent of the value of the assets securing such indebtedness. The notes will also be effectively junior in right of payment to all existing and future liabilities, including trade payables, of those of our subsidiaries that do not guarantee the notes.

Each note will bear interest at the rate described on the cover page from September 11, 2009 or from the most recent interest payment date on which interest has been paid, payable semiannually in arrears on March 15 and September 15 in each year, commencing March 15, 2010. We will pay interest to the person in whose name the note (or any predecessor note) is registered at the close of business on the March 1 or September 1 immediately preceding the relevant interest payment date. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Guarantees

The notes initially will be guaranteed, jointly and severally, by all of our domestic subsidiaries that guarantee our Credit Agreement. Each guarantee will be a senior obligation of the guarantor, will rank equally with all unsecured and unsubordinated indebtedness of the guarantor from time to time outstanding, will rank senior to any subordinated indebtedness of the guarantor from time to time outstanding and will rank junior to any secured indebtedness of a guarantor from time to time outstanding to the extent of the value of the assets securing such indebtedness.

In accordance with the terms of the Indenture, each guarantee of a guarantor will be released in the following circumstances:

concurrently with the satisfaction and discharge of the Indenture in accordance with the terms of the Indenture;

concurrently with the defeasance or covenant defeasance of the notes in accordance with the terms of the Indenture;

S-15

Table of Contents

in connection with any sale or other disposition of all or substantially all of the assets of that guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of Airgas;

in connection with any sale of all of the capital stock of a guarantor to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of Airgas; or

upon the termination of such guarantor's obligations under its guarantees provided with respect to our Credit Agreement, or upon the release of such guarantor from its obligations under our Credit Agreement.

Optional Redemption

The notes will be redeemable, as a whole or in part, at our option, at any time or from time to time, at a redemption price equal to the greater of:

- (1) 100% of the principal amount of the notes to be redeemed, and
- (2) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Rate, plus 40 basis points.

In the case of each of clauses (1) and (2), accrued interest will be payable to the redemption date.

Holders of notes to be redeemed will receive notice thereof by first-class mail at least 30 and not more than 60 days before the date fixed for redemption. If fewer than all of the notes are to be redeemed, the trustee will select, at least 30 and not more than 60 days prior to the redemption date, the particular notes or portions thereof for redemption from the outstanding notes not previously called by such method as the trustee deems fair and appropriate.

On and after the redemption date, interest will cease to accrue on the notes or any portion of the notes called for redemption unless we default in the payment of the redemption price and accrued interest. On or before the redemption date, we will deposit with a paying agent (or the trustee) money sufficient to pay the redemption price of and accrued interest on the notes to be redeemed on that date.

Comparable Treasury Issue means the U.S. Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term (**Remaining Life**) of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of five Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (2) if the Independent Investment Banker obtains fewer than five such Reference Treasury Dealer Quotations, the average of all such quotations.

Independent Investment Banker means any of Banc of America Securities LLC, Barclays Capital Inc. or J.P. Morgan Securities Inc., as appointed by us, and their respective successors, or if all of such firms are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

Edgar Filing: AIRGAS SOUTH INC - Form 424B2

Reference Treasury Dealer means (1) each of Banc of America Securities LLC, Barclays Capital Inc. and J.P. Morgan Securities Inc. and their respective successors, provided, however, that if any of the foregoing shall cease to be a primary U.S. Government securities dealer in New York City (a Primary Treasury Dealer), we will substitute for such bank another Primary Treasury Dealer and (2) any other Primary Treasury Dealer selected by the Independent Investment Banker after consultation with us.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount)

S-16

Table of Contents

quoted in writing to the Independent Investment Banker at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Remaining Life, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate will be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate will be calculated on the third business day preceding the redemption date.

Change of Control Triggering Event

Upon the occurrence of a Change of Control Triggering Event with respect to the notes, unless we have exercised our right to redeem the notes as described under Optional Redemption, each holder of notes will have the right to require us to purchase all or a portion (equal to \$2,000 or an integral multiple of \$1,000 in excess thereof) of such holder's notes pursuant to the offer described below (the Change of Control Offer), at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase (the Change of Control Payment), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date.

Within 30 days following the date upon which the Change of Control Triggering Event occurs with respect to the notes, or at our option, prior to any Change of Control but after the public announcement of the pending Change of Control, we will be required to send, by first class mail, a notice to each holder of notes, with a copy to the trustee, which notice will govern the terms of the Change of Control Offer. Such notice will state, among other things, the purchase date, which must be no earlier than 30 days nor later than 60 days from the date such notice is mailed, other than as may be required by law (the Change of Control Payment Date). The notice, if mailed prior to the date of consummation of the Change of Control, will state that the Change of Control Offer is conditioned on the Change of Control being consummated on or prior to the Change of Control Payment Date.

On the Change of Control Payment Date, we will, to the extent lawful, (1) accept or cause a third party to accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer; (2) deposit or cause a third party to deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and (3) deliver or cause to be delivered to the trustee the notes accepted together with an officers' certificate stating the aggregate principal amount of notes or portions of notes being repurchased.

We will not be required to make a Change of Control Offer with respect to the notes if a third party involved in the applicable Change of Control makes such an offer in the manner, at the times and otherwise in compliance with the requirements for such an offer made by us and such third party purchases all the notes properly tendered and not withdrawn under its offer.

We will comply in all material respects with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any such securities laws or regulations conflict with the Change of Control Offer provisions of the notes, we will comply with those securities laws and regulations and will not be deemed to

S-17

Table of Contents

have breached our obligations under the Change of Control Offer provisions of the notes by virtue of any such conflict.

For purposes of the foregoing discussion of a Change of Control Offer, the following definitions are applicable:

Beneficial Owner has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular person (as that term is used in Section 13(d)(3) of the Exchange Act), such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms **Beneficially Owns** and **Beneficially Owned** have a corresponding meaning.

Change of Control means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Airgas and its Subsidiaries taken as a whole to any person (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Principal or a Related Party of a Principal;
- (2) the adoption of a plan relating to the liquidation or dissolution of Airgas;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any person (as defined above) other than a Principal and its Related Parties, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of Airgas, measured by voting power rather than number of shares; or
- (4) Airgas consolidates with, or merges with or into, any Person (other than a Principal or a Related Party of a Principal), or any Person (other than a Principal or a Related Party of a Principal) consolidates with, or merges with or into, Airgas, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Airgas or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of Airgas outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction; or
- (5) the first day on which a majority of the members of the board of directors of Airgas are not Continuing Directors.

Change of Control Triggering Event means, with respect to the notes, the notes cease to be rated Investment Grade by each of the Rating Agencies on any date during the period (the **Trigger Period**) commencing 60 days prior to the first public announcement by us of any Change of Control (or pending Change of Control) and ending 60 days following consummation of such Change of Control (which Trigger Period will be extended following consummation of a Change of Control for so long as any of the Rating Agencies has publicly announced that it is considering a possible ratings change). Notwithstanding the foregoing, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

Continuing Directors means, as of any date of determination, any member of the board of directors of Airgas who:

- (1) was a member of such board of directors on the date of the Indenture;

(2) was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election; or

(3) is a designee of a Principal or was nominated by a Principal.

S-18

Table of Contents

Investment Grade means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating category of Moody's) and a rating of BBB- or better by S&P (or its equivalent under any successor rating category of S&P), and the equivalent investment grade credit rating from any replacement rating agency or rating agencies selected by us under the circumstances permitting us to select a replacement agency and in the manner for selecting a replacement agency, in each case as set forth in the definition of **Rating Agency**.

Moody's means Moody's Investors Service, Inc., a subsidiary of Moody's Corporation, and its successors.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

Principal means Peter McCausland (and in the event of his incompetency or death, his estate, heirs, executor, administrator, committee or other personal representative (collectively, **heirs**)) or any Person controlled, directly or indirectly, by Peter McCausland or his heirs.

Rating Agency means each of Moody's and S&P; provided, that if any of Moody's or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside our control, we may appoint another nationally recognized statistical rating organization within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act as a replacement for such Rating Agency; provided, that we shall give notice of such appointment to the trustee.

Related Party means:

- (1) any immediate family member (in the case of an individual) of the Principal; or
- (2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of the Principal.

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

Voting Stock of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote generally in the election of the board of directors of such Person.

The definition of **Change of Control** includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Airgas, Inc. and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase **substantially all**, there is no precise, established definition of the phrase under applicable law. Accordingly, the applicability of the requirement that we offer to repurchase the notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Airgas, Inc. and its Subsidiaries taken as a whole to another Person or group may be uncertain.

In addition, under a recent Delaware Chancery Court interpretation of a change of control repurchase requirement with a continuing director provision, a board of directors may approve a slate of shareholder-nominated directors without endorsing them or while simultaneously recommending and endorsing its own slate instead. The foregoing interpretation would permit our board to approve a slate of directors that included a majority of dissident directors nominated pursuant to a proxy contest, and the ultimate election of such dissident slate would not constitute a **Change of Control Triggering Event** that would trigger your right to require us to repurchase your notes as described above.

Covenants

Restrictions on Liens

We will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness secured by any Lien on any shares of stock, Indebtedness or other obligations of a Restricted Subsidiary or any Principal

S-19

Table of Contents

Property of ours or a Restricted Subsidiary, whether such shares of stock, Indebtedness or other obligations of a Subsidiary or Principal Property is owned at the date of the Indenture or thereafter acquired, without in any such case effectively providing that all the notes will be directly secured equally and ratably with such Lien.

These restrictions do not apply to:

- (1) the Incurrence of any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture (including acquisitions by way of merger or consolidation) by us or a Restricted Subsidiary contemporaneously with such acquisition, or within 180 days thereafter, to secure or provide for the payment or financing of any part of the purchase price thereof, or the assumption of any Lien upon any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property acquired after the date of the Indenture existing at the time of such acquisition, or the acquisition of any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property subject to any Lien without the assumption thereof, provided that every such Lien referred to in this clause (1) shall attach only to the shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property so acquired and fixed improvements thereon;
- (2) any Lien existing on the date the notes are initially issued, including such Liens in respect of the Credit Agreement;
- (3) any Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property in favor of Airgas, Inc. or any Restricted Subsidiary;
- (4) any Lien on Principal Property being constructed or improved securing loans to finance such construction or improvements;
- (5) any Lien in favor of the United States of America or any State, or in favor of any department, agency or instrumentality or political division, or in favor of any other country or any political subdivision of a foreign country, the purpose of which is to secure partial, progress, advance or other payments;
- (6) any Lien imposed by law, for example mechanics', workmen's, repairmen's or other similar Liens arising in the ordinary course of business;
- (7) any pledges or deposits under workmen's compensation or similar legislation or in certain other circumstances;
- (8) any Lien in connection with legal proceedings;
- (9) any Lien for taxes or assessments;
- (10) any Lien to secure the performance of bids, tenders, letters of credit, contracts (other than contracts for the payment of indebtedness), leases, statutory obligations, surety, customs, appeal, performance and payment bonds and other obligations of like nature, in each such case arising in the ordinary course of business; and
- (11) any renewal of or substitution for any Lien permitted by any of the preceding clauses (1) through (4), provided, in the case of a Lien permitted under clause (1), (2) or (4), the debt secured is not increased nor the Lien extended to any additional assets.

Notwithstanding the foregoing, we or any Restricted Subsidiary may create or assume Liens in addition to those permitted by clauses (1) through (11), and renew, extend or replace such Liens, provided that at the time of such creation, assumption, renewal, extension or replacement of such Lien, and after giving effect thereto, the total

outstanding Indebtedness secured by Liens Incurred pursuant to this paragraph, together with the total outstanding Attributable Debt Incurred in connection with any sale and leaseback transactions entered into pursuant to the provisions of the Indenture described below in the last paragraph under Covenants Limitation on Sale and Leaseback Transactions, does not exceed 10% of Consolidated Net Tangible Assets.

For the purposes of this Restrictions on Liens covenant and the Limitation on Sale and Leaseback Transactions covenant, the giving of a guarantee which is secured by a Lien on any shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property, and the creation of a Lien on any

S-20

Table of Contents

shares of stock, Indebtedness or other obligations of a Subsidiary or any Principal Property to secure Indebtedness that existed prior to the creation of such Lien, shall be deemed to involve the creation of Indebtedness in an amount equal to the principal amount guaranteed or secured by such Lien.

Given the size of our operations, at any given time we expect to have very few or no Principal Properties and, accordingly, very few or no Restricted Subsidiaries.

Limitation on Sale and Leaseback Transactions

We will not, and will not permit any Restricted Subsidiary to, sell or transfer, directly or indirectly, except to us or a Restricted Subsidiary, any Principal Property as an entirety, or any substantial portion thereof, with the intention of taking back a lease of such property, except a lease for a period of three years or less at the end of which it is intended that the use of such property by the lessee will be discontinued; provided that, notwithstanding the foregoing, we or any Restricted Subsidiary may sell any such Principal Property and lease it back for a longer period:

- (1) if we or such Restricted Subsidiary would be entitled, pursuant to the provisions of the Indenture described above under **Restrictions on Liens**, to create a mortgage on the property to be leased securing Funded Debt in an amount equal to the Attributable Debt with respect to such sale and leaseback transaction without equally and ratably securing the outstanding notes; or
- (2) if we promptly inform the trustee of such transaction, the net proceeds of such transaction are at least equal to the fair market value (as determined by board resolution) of such property, and we cause an amount equal to the net proceeds of the sale to be applied to the retirement, within 180 days after receipt of such proceeds, of Funded Debt Incurred or assumed by us or a Restricted Subsidiary (including the notes); or
- (3) if we, within 180 days after the sale or transfer, apply or cause a Restricted Subsidiary to apply an amount equal to the greater of the net proceeds of such sale or transfer or the fair market value of the Principal Property (or portion thereof) so sold and leased back at the time of entering into such sale and leaseback transaction (in either case as determined by board resolution) to purchase other Principal Property having a fair market value at least equal to the fair market value of the Principal Property (or portion thereof) sold or transferred in such sale and leaseback transaction.

Notwithstanding the foregoing, we or any Restricted Subsidiary may enter into sale and leaseback transactions in addition to those permitted in the foregoing paragraph and without any obligation to retire any outstanding notes or other Funded Debt, provided that at the time of entering into such sale and leaseback transactions and after giving effect thereto, the total outstanding Attributable Debt Incurred pursuant to this paragraph, together with any of the total outstanding Indebtedness secured by Liens created, assumed or otherwise incurred pursuant to the provisions of the Indenture described above in the third paragraph under **Covenants** **Restrictions on Liens**, does not exceed 10% of Consolidated Net Tangible Assets.

Definitions

Attributable Debt means, when used in connection with a sale and leaseback transaction, at any date of determination, the product of (1) the net proceeds from such sale and leaseback transaction multiplied by (2) a fraction, the numerator of which is the number of full years of the term of the lease relating to the property involved in such sale and leaseback transaction (without regard to any options to renew or extend such term) remaining at the date of the making of such computation and the denominator of which is the number of full years of the term of such lease measured from the first day of such term.

Capital Stock means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests (including partnership interests) in (however designated) the equity of such Person, including any preferred stock, but excluding any debt securities convertible into such equity.

S-21

Table of Contents

Consolidated Net Tangible Assets means, as of any date, the total amount of assets of Airgas, Inc. and its Subsidiaries on a consolidated basis (less applicable reserves and other properly deductible items) after deducting therefrom (1) all current liabilities (excluding (x) any current liabilities which are by their terms extendible or renewable at the option of the obligor thereon to a time more than 12 months after the time as of which the amount thereof is being computed or which are supported by other borrowings with a maturity of more than 12 months from the date of calculation and (y) current maturities of long-term Indebtedness and capital lease obligations), (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles and (3) appropriate adjustments on account of minority interests of other Persons holding stock of Airgas, Inc.'s Subsidiaries, all as set forth on the most recent balance sheet of Airgas, Inc. and its consolidated Subsidiaries (but, in any event, as of a date within 120 days of the date of determination), in each case excluding intercompany items and computed in accordance with generally accepted accounting principles.

Credit Agreement means that certain Twelfth Amended and Restated Credit Agreement, dated as of July 25, 2006, by and among Airgas, the Canadian borrowing subsidiaries party thereto, the guarantor subsidiaries party thereto, Bank of America, N.A., as U.S. Agent, The Bank of Nova Scotia, as Canadian Agent, and the other Lenders named therein providing for U.S. dollar-denominated loans and Canadian dollar-denominated loans, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, replaced or refinanced from time to time including any agreement extending the maturity of, refinancing from time to time including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder (other than for purposes of clause (2) of the second paragraph of the **Restrictions on Liens** covenant) or adding Restricted Subsidiaries of Airgas as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

Funded Debt means all Indebtedness for borrowed money, including purchase money indebtedness, having a maturity of more than one year from the date of its creation or having a maturity of less than one year but by its terms being renewable or extendible, at the option of the obligor in respect thereof, beyond one year from its creation.

Incur means to issue, assume, guarantee, incur or otherwise become liable for. The terms **Incurred**, **Incurrence** and **Incurring** shall each have a correlative meaning.

Indebtedness means with respect to any Person at any date of determination (without duplication), indebtedness for borrowed money or indebtedness evidenced by bonds, notes, debentures or other similar instruments given to finance the acquisition of any businesses, properties or assets of any kind (including, without limitation, Capital Stock or other equity interests in any Person).

Lien with respect to any property or assets, means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, security interest, lien, charge, easement (other than any easement not materially impairing usefulness or marketability), encumbrance, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever on or with respect to such property or assets (including, without limitation, any conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing), but not including the interest of a lessor under a lease that is an operating lease under generally accepted accounting principles.

Principal Property means any land, land improvements or building, together with the land upon which it is erected and fixtures comprising a part thereof, in each case, owned or leased by us or any Restricted Subsidiary and located in the United States, the gross book value (without deduction of any reserve for depreciation) of which on the date as of which the determination is being made is an amount which exceeds 1.0% of Consolidated Net Tangible Assets.

Restricted Subsidiary means any Subsidiary which, at the time of determination, owns or is a lessee pursuant to a capital lease of any Principal Property.

S-22

Table of Contents

Significant Subsidiary means any Subsidiary that would be a significant subsidiary as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

Subsidiary of a Person means, with respect to any Person, any corporation, association, partnership or other business entity of which at least a majority of the total voting power of the Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person or (3) one or more Subsidiaries of such Person.

Consolidation, Merger or Sale of Substantially All Assets

We may: (1) consolidate or merge with or into another Person; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of our properties or assets and our Subsidiaries taken as a whole, in one or more related transactions, to another Person; if:

(1) either: (a) we are the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than Airgas) or to which such sale, assignment, transfer, conveyance or other disposition has been made is a corporation organized or existing under the laws of the United States, any state of the United States or the District of Columbia (any such Person, the Successor Company);

(2) the Successor Company assumes all the obligations of Airgas under the notes and the Indenture pursuant to agreements reasonably satisfactory to the trustee; and

(3) immediately after such transaction no default exists.

The Successor Company will be the successor to Airgas and shall succeed to, and be substituted for, and may exercise every right and power of, Airgas under the Indenture, and the predecessor company shall be released from its obligations with respect to the notes, including with respect to its obligation to pay the principal of and interest on the notes. Under these circumstances, if our properties or assets become subject to a Lien not permitted by the Indenture, we will equally and ratably secure the notes.

Reports

Whether or not required by the Commission, so long as any notes are outstanding, Airgas will furnish to the holders of notes, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if Airgas were required to file such Forms, including a Management's Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report on the annual financial statements by Airgas certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if Airgas were required to file such reports.

In addition, whether or not required by the Commission, Airgas will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

Events of Default

An event of default under the Indenture with respect to the notes includes the following:

failure to pay interest on the notes for 30 days;

failure to pay principal on the notes when due;

S-23

Table of Contents

failure to perform any of the other covenants or agreements in the Indenture relating to the notes that continues for 60 days after notice to us by the trustee or holders of at least 25% in principal amount of the notes then outstanding (for purposes of the financial statement reporting covenant, the 60 day grace period will be extended to 90 days);

default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Airgas or any of its Significant Subsidiaries (or the payment of which is guaranteed by Airgas or any of its Significant Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a failure to pay principal at its stated maturity after giving effect to any applicable grace period provided in such Indebtedness (a Payment Default); or (b) results in the acceleration of such Indebtedness prior to its express maturity, and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates \$100.0 million or more; or

certain events of bankruptcy, insolvency or reorganization relating to us or any Restricted Subsidiary.

The Indenture provides that the trustee will, with certain exceptions, notify the holders of notes of any event of default known to it with respect to the notes within 90 days after the occurrence of such event.

If an event of default (other than with respect to certain events of bankruptcy, insolvency or reorganization) occurs and is continuing with respect to the notes, the trustee or the holders of not less than 25% in principal amount of the notes then outstanding may declare the principal amount to be due and payable. In that case, subject to certain conditions, the holders of a majority in principal amount of the notes then outstanding can rescind and annul such declaration and its consequences. If an event of default with respect to certain events of bankruptcy, insolvency or reorganization occurs and is continuing, then all of the notes will ipso facto become and be due and payable immediately in an amount equal to the principal amount of the notes, together with accrued and unpaid interest, if any, to the date the notes become due and payable, without any declaration or other act on the part of the trustee or any holder.

We are required to file an annual officers' certificate with the trustee concerning our compliance with the Indenture. Subject to the provisions of the Indenture relating to the duties of the trustee, the trustee is not obligated to exercise any of its rights or powers at the request or direction of any of the holders unless they have offered the trustee security or indemnity satisfactory to the trustee. If the holders provide security or indemnity satisfactory to the trustee, the holders of a majority in principal amount of the outstanding notes during an event of default may direct the time, method and place of conducting any proceeding for any remedy available to the trustee under the Indenture or exercising any of the trustee's trusts or powers with respect to the notes.

Prior to the acceleration of the maturity of the notes, the holders of not less than a majority in aggregate principal amount of the outstanding notes may on behalf of the holders of all outstanding notes waive any past default or event of default and its consequences, except a default or event of default (a) in the payment of the principal of, premium, if any, or interest on any note (which may only be waived with the consent of each holder of notes affected) or (b) in respect of a covenant or a provision of the Indenture which cannot be modified or amended without the consent of the holder of each note outstanding affected by such modification or amendment.

Modification and Amendment of the Indenture

We and the guarantors may enter into supplemental indentures with the trustee without the consent of the holders of the notes to, among other things:

evidence the assumption by a successor corporation of our obligations;

add covenants for the protection of the holders of the notes;

to provide for uncertificated notes in addition to or in place of certificated notes;

S-24

Table of Contents

to comply with any requirement of the Commission in connection with the qualification of the Indenture under the Trust Indenture Act of 1939;

to evidence and provide for the acceptance and appointment under the Indenture of a successor trustee pursuant to the requirements thereof;

create a new series of securities under the Indenture;

cure any ambiguity, defect or inconsistency or to correct a manifest error;

add guarantees or security;

make any change that does not adversely affect the rights of holders of the notes; and

release any guarantee in accordance with the terms of the Indenture. See Guarantees.

With the consent of the holders of a majority in principal amount of the notes then outstanding and affected, we and the guarantors may execute supplemental indentures with the trustee to add provisions or change or eliminate any provision of the Indenture or any supplemental indenture or to modify the rights of the holders of the notes so affected.

Without the consent of the holders of each outstanding note affected, no supplemental indenture will, among other things:

reduce the percentage in principal amount of the notes, the consent of the holders of which is required for any such supplemental indenture;

reduce the principal amount of the notes or their interest rate or change the stated maturity of or extend the time for payment of interest on the notes;

reduce the premium payable upon redemption of the notes or change the time when the notes may or shall be redeemed;

impair the right to institute suit for the enforcement of the notes;

reduce the percentage in principal amount of the notes required for waiver of compliance with certain provisions of the Indenture or certain defaults; or

modify any other provisions with respect to modification and waiver, except to increase the percentage required for any modification or waiver or to provide that other provisions of the indenture may not be modified or waived without your consent.

Defeasance and Covenant Defeasance

At our option, we (1) will be discharged from all obligations under the Indenture in respect of the notes (except for certain obligations to exchange or register the transfer of the notes, replace stolen, lost or mutilated notes, maintain paying agencies and hold monies for payment in trust) or (2) need not comply with certain restrictive covenants of the Indenture (including the restrictions on Liens, the limitations on sale and lease back transactions and the requirement

to make a Change of Control Offer) with respect to the notes, in each case if we deposit with the trustee, in trust, money or U.S. government obligations (or a combination thereof) sufficient to pay the principal of and any premium or interest on the notes when due. In order to select either option, we must provide the trustee with an opinion of counsel or a ruling from, or published by, the Internal Revenue Service, to the effect that holders and beneficial owners of the notes will not recognize gain or loss for Federal income tax purposes as a result of such defeasance or covenant defeasance.

In the event we exercise our option under (2) above with respect to the notes and the notes are declared due and payable because of the occurrence of any event of default other than default with respect to such obligations, the amount of money and U.S. government obligations on deposit with the trustee will be sufficient to pay amounts due on the notes at the time of their stated maturity but may not be sufficient to pay amounts due on the notes at the time of the acceleration resulting from such event of default. We would remain liable, however, for such amounts.

S-25

Table of Contents

Satisfaction and Discharge

The Indenture will be discharged as to all outstanding notes when:

either (1) all of the notes authenticated and delivered (other than (i) lost, stolen or destroyed notes which have been replaced or paid in accordance with the Indenture or (ii) all notes for whose payment money has been deposited in trust or segregated and held in trust by us and thereafter repaid to us or discharged from such trust) have been delivered to the trustee for cancellation, or (2) all notes not delivered to the trustee for cancellation (i) have become due and payable or (ii) will become due and payable at their stated maturity within one year; and we have irrevocably deposited or caused to be deposited with the trustee as trust funds in trust an amount in U.S. dollars sufficient to pay and discharge the entire indebtedness on the notes not theretofore delivered to the trustee for cancellation;

we have paid or caused to be paid all other sums payable under the Indenture by us; and

we have delivered to the trustee an officers certificate and an opinion of independent counsel each stating that (i) all conditions precedent relating to the satisfaction and discharge have been complied with, (ii) no default with respect to the notes has occurred and is continuing and (iii) such deposit does not result in a breach or violation of, or constitute a default under, the Indenture or any other agreement or instrument to which we are a party.

Governing Law

The Indenture will be governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry, Delivery and Form

The notes initially will be represented by one or more permanent global certificates in definitive, fully registered form (the Global Notes). The Global Notes will be deposited upon issuance with The Depository Trust Company, New York, New York (DTC), and registered in the name of a nominee of DTC in the form of a global certificate.

The Global Notes

DTC has advised us that pursuant to procedures established by it (i) upon the issuance of the Global Notes, DTC or its custodian will credit, on its internal system, the principal amount at maturity of the individual beneficial interests represented by such Global Notes to the respective accounts of persons who have accounts with such depository and (ii) ownership of beneficial interests in the Global Notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Ownership of beneficial interests in the Global Notes will be limited to persons who have accounts with DTC (participants) or persons who hold interests through participants. holders may hold their interests in the Global Notes directly through DTC if they are participants in such system, or indirectly through organizations that are participants in such system.

So long as DTC, or its nominee, is the registered owner or holder of the notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such Global Notes for all purposes under the indenture governing the notes. No beneficial owner of an interest in the Global Notes will be able to transfer that interest except in accordance with DTC s procedures, in addition to those provided for under the indenture with respect to the notes.

Payments of the principal of, premium, if any, and interest (including additional interest) on, the Global Notes will be made to DTC or its nominee, as the case may be, as the registered owner of the Global Notes. None of Airgas, the trustee or any paying agent under the indenture governing the notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

S-26

Table of Contents

DTC has advised us that its present practice is, upon receipt of any payment of principal, premium, if any, and interest (including additional interest) on the Global Notes, to credit immediately participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC. Payments by participants to owners of beneficial interests in the Global Notes held through such participants will be governed by standing instructions and customary practice, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Transfers between participants in DTC will be effected in the ordinary way through DTC's same-day funds system in accordance with DTC rules and will be settled in same-day funds. If a holder requires physical delivery of a certificated security for any reason, including to sell notes to persons in states which require physical delivery of the notes, or to pledge such securities, such holder must transfer its interest in a Global Note, in accordance with the normal procedures of DTC and with the procedures set forth in the indenture governing the notes.

DTC has advised us that it will take any action permitted to be taken by a holder of notes, including the presentation of notes for exchange as described below, only at the direction of one or more participants to whose account the DTC interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. However, if there is an event of default under the indenture governing the notes, DTC will exchange the Global Notes for certificated securities, which it will distribute to its participants.

DTC has advised us as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the Uniform Commercial Code and a Clearing Agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (indirect participants).

Although DTC has agreed to the foregoing procedures in order to facilitate transfers of interests in the Global Note among participants of DTC, it is under no obligation to perform such procedures, and such procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Clearstream. Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations (Clearstream Participants) and facilitates the clearance and settlement of securities transactions between Clearstream Participants through electronic book-entry changes in accounts of Clearstream Participants, thereby eliminating the need for physical movement of certificates. Clearstream provides Clearstream Participants with, among other things, services for safekeeping, administration, clearance and establishment of internationally traded securities and securities lending and borrowing. Clearstream interfaces with domestic markets in several countries. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute. Clearstream Participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations, and may include the underwriters. Indirect access to Clearstream is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Participant either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream Participants in accordance with its rules and procedures to the extent received by DTC for Clearstream.

S-27

Table of Contents

Euroclear. Euroclear was created in 1968 to hold securities for participants of Euroclear (Euroclear Participants) and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Euroclear includes various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. Euroclear is operated by Euroclear Bank S.A./N.V. (the Euroclear Operator), under contract with Euroclear Clearance Systems S.C., a Belgian cooperative corporation (the Cooperative). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

The Euroclear Operator is regulated and examined by the Belgian Banking Commission.

Links have been established among DTC, Clearstream and Euroclear to facilitate the initial issuance of the notes sold outside of the United States and cross-market transfers of the notes associated with secondary market trading.

Although DTC, Clearstream and Euroclear have agreed to the procedures provided below in order to facilitate transfers, they are under no obligation to perform these procedures, and these procedures may be modified or discontinued at any time.

Clearstream and Euroclear will record the ownership interests of their participants in much the same way as DTC, and DTC will record the total ownership of each of the U.S. agents of Clearstream and Euroclear, as participants in DTC. When notes are to be transferred from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant, the purchaser must send instructions to Clearstream or Euroclear through a participant at least one day prior to settlement. Clearstream or Euroclear, as the case may be, will instruct its U.S. agent to receive notes against payment. After settlement, Clearstream or Euroclear will credit its participant's account. Credit for the notes will appear on the next day (European time).

Because settlement is taking place during New York business hours, DTC participants will be able to employ their usual procedures for sending notes to the relevant U.S. agent acting for the benefit of Clearstream or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. As a result, to the DTC participant, a cross-market transaction will settle no differently than a trade between two DTC participants.

When a Clearstream or Euroclear participant wishes to transfer notes to a DTC participant, the seller will be required to send instructions to Clearstream or Euroclear through a participant at least one business day prior to settlement. In these cases, Clearstream or Euroclear will instruct its U.S. agent to transfer these notes against payment for them. The payment will then be reflected in the account of the Clearstream or Euroclear participant the following day, with the proceeds back valued to the value date, which would be the preceding day, when settlement occurs in New York, if settlement is not completed on the intended value date, that is, the trade fails, proceeds credited to the Clearstream or Euroclear participant's account will instead be valued as of the actual settlement date.

You should be aware that you will only be able to make and receive deliveries, payments and other communications involving the notes through Clearstream and Euroclear on the days when those clearing systems are open for business. Those systems may not be open for business on days when banks, brokers and other institutions are open for business in the United States. In addition, because of time zone differences there may be problems with completing transactions involving Clearstream and Euroclear on the same business day as in the United States.

Table of Contents

Certificated Securities

A Global Note is exchangeable for certificated securities if:

DTC (1) notifies us that it is unwilling or unable to continue as depository for the Global Notes or (2) has ceased to be a Clearing Agency registered under the Exchange Act and, in either case, we fail to appoint a successor depository; or

we, at our option, notify the trustee in writing that we elect to cause the issuance of the notes in certificated form (provided that under current industry practices, DTC would notify participants of our determination, but would only withdraw beneficial interests from a Global Note at the request of participants); or

there has occurred and is continuing a default or an event of default with respect to the notes.

MATERIAL U.S. FEDERAL TAX CONSEQUENCES

The following discussion summarizes the material U.S. federal income tax consequences and, to the limited extent discussed below with respect to Non-U.S. Holders, certain estate tax consequences of the purchase, beneficial ownership and disposition of the notes.

This summary is based on the Internal Revenue Code of 1986, as amended, which we refer to as the Code, regulations issued under the Code, judicial authority and administrative rulings and practice, all as of the date hereof and all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal tax consequences described in this prospectus supplement. This summary addresses only tax consequences to investors that purchase the notes at initial issuance for the issue price, which will equal the first price to the public (not including bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) at which a substantial amount of the notes is sold for money, and own the notes as capital assets within the meaning of the Code and not as part of a straddle or a conversion transaction for U.S. federal income tax purposes, or as part of some other integrated investment.

This summary does not discuss all of the tax consequences that may be relevant to particular investors or to investors subject to special treatment under the U.S. federal income tax laws (such as insurance companies, banks, financial institutions, tax-exempt organizations, retirement plans, regulated investment companies, holders subject to the alternative minimum tax, partnerships or other pass-through entities (or investors in such entities), securities dealers, expatriates or United States persons whose functional currency for tax purposes is not the U.S. dollar). We have not and do not intend to seek a ruling from the Internal Revenue Service, or the IRS, with respect to any matters discussed in this section, and we cannot assure you that the IRS will not challenge one or more of the tax consequences described below. When we use the term holder in this section, we are referring to a beneficial owner of the notes and not the record holder.

If a partnership (including an entity treated as a partnership for U.S. federal income tax purposes) holds notes, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A partner of a partnership holding notes should consult its tax advisers with respect to the tax treatment of holding notes through the partnership.

In certain circumstances, the notes provide for the payment of amounts in excess of stated interest or principal. Under applicable Treasury regulations, the possibility of such excess amounts being paid will not cause the notes to be treated as contingent payment debt instruments if there is only a remote chance that these contingencies will occur or if such contingencies are considered to be incidental. Although the matter is not free from doubt, we intend to take the

position that these contingencies are remote and/or incidental and, therefore, should not cause the notes to be treated as contingent payment debt instruments. Our determination that these contingencies are remote and/or incidental will be binding on a holder unless it explicitly discloses its contrary position to the IRS in the manner required by applicable Treasury regulations. Our determination, however, is not binding on the IRS, and if the IRS successfully challenged this determination, it could adversely affect the amount, timing and character of the income that a holder must recognize (including, for example, by treating gain recognized by holders upon a disposition of a note as

Table of Contents

ordinary income). The remainder of this discussion assumes that the notes will not be treated as contingent payment debt instruments.

Persons considering the purchase of the notes should consult their tax advisers concerning the application of the U.S. federal income, estate and gift tax laws to their particular situations as well as any tax consequences of the purchase, beneficial ownership and disposition of the notes arising under the laws of any state, local, foreign or other taxing jurisdiction.

Federal income tax consequences to U.S. holders

The following is a general discussion of the material U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of the notes by a holder that is a United States person, or a U.S. Holder. This section applies only to U.S. Holders. For purposes of this discussion, a U.S. Holder means, for U.S. federal income tax purposes, a beneficial owner of a note that is:

an individual who is a citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States or any State or political subdivision thereof or therein (including the District of Columbia);

an estate whose income is subject to U.S. federal income taxation regardless of its source; or

a trust if a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions, or that was in existence on August 19, 1996, and has elected to be treated as a domestic trust.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year (counting for this purpose all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year).

Treatment of interest

It is expected, and therefore this discussion assumes, that the notes will be issued without original issue discount for U.S. federal income tax purposes. Stated interest on the notes will be taxable to a U.S. Holder as ordinary income as the interest accrues or is paid in accordance with the U.S. Holder's method of tax accounting.

Treatment of dispositions of notes

Upon the sale, exchange, retirement, redemption or other taxable disposition of a note, a U.S. Holder generally will recognize gain or loss equal to the difference between the amount received on such disposition (other than amounts received in respect of accrued and unpaid interest, which will be taxable as such) and the U.S. Holder's tax basis in the note. A U.S. Holder's tax basis in a note will be, in general, the cost of the note to the U.S. Holder. Gain or loss realized on the sale, exchange, retirement or redemption of a note generally will be capital gain or loss, and will be long-term capital gain or loss if, at the time of such sale, exchange, retirement or redemption the note has been held for more than one year. Net long-term capital gain recognized by a non-corporate U.S. Holder is generally subject to a maximum U.S. federal rate of 15% (effective for taxable years beginning before January 1, 2011). A U.S. Holder's

ability to deduct capital losses is subject to limitations.

Federal tax consequences to non-U.S. holders

The following is a general discussion of the material U.S. federal income and estate tax consequences of the purchase, beneficial ownership and disposition of the notes by a holder that is a Non-U.S. Holder. For

S-30

Table of Contents

purposes of this discussion (except as specifically defined for estate tax purposes), a Non-U.S. Holder is a beneficial owner of notes that is an individual, corporation, estate or trust that is not a U.S. Holder.

For purposes of the following discussion, any interest income and any gain realized on the sale, exchange, retirement, redemption or other disposition of the notes will be considered U.S. trade or business income if such interest income or gain is (i) effectively connected with the conduct of a trade or business in the United States and (ii) in the case of an applicable income tax treaty, attributable to a permanent establishment (or in the case of an individual, to a fixed base) in the United States.

Treatment of interest

A Non-U.S. Holder will not be subject to U.S. federal income or withholding tax in respect of interest income on the notes if each of the following requirements is satisfied:

The interest is not U.S. trade or business income.

The Non-U.S. Holder provides to us or our paying agent an appropriate statement on a properly executed IRS Form W-8BEN (or substitute form), together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating, among other things, that the Non-U.S. Holder is not a United States person. If a note is held through a securities clearing organization, bank or another financial institution that holds customers' securities in the ordinary course of its trade or business, this requirement is satisfied if (i) the Non-U.S. Holder provides such a form to the organization or institution and (ii) the organization or institution, under penalties of perjury, certifies to us that it has received such a form from the beneficial owner or another intermediary and furnishes us or our paying agent with a copy.

The Non-U.S. Holder does not actually or constructively own 10% or more of the voting power of all classes of our stock.

The Non-U.S. Holder is not a controlled foreign corporation that is actually or constructively related to us.

To the extent these conditions are not met, a 30% withholding tax will apply to interest income on the notes, unless one of the following two exceptions is satisfied. The first exception is that an applicable income tax treaty reduces or eliminates such tax, although to reduce or avoid withholding a Non-U.S. Holder claiming the benefit of that treaty must provide to us or our paying agent a properly executed IRS Form W-8BEN (or substitute form). The second exception is that the interest is effectively connected with the conduct of a trade or business in the United States, although to avoid withholding the Non-U.S. Holder must provide an appropriate statement to that effect on an IRS Form W-8ECI (or substitute form). In the case of the second exception, such Non-U.S. Holder generally will be subject to U.S. federal income tax with respect to all income from the notes in the same manner as U.S. Holders, as described above (unless an applicable income tax treaty provides otherwise). Additionally, in such event, Non-U.S. Holders that are corporations could be subject to a 30% (or lower applicable treaty rate) branch profits tax on such holder's effectively connected earnings and profits attributable to such income. Special procedures contained in Treasury regulations may apply to partnerships, trusts and intermediaries. We urge Non-U.S. Holders to consult their own tax advisers for information on the impact of these withholding regulations.

Treatment of dispositions of notes

Generally, a Non-U.S. Holder will not be subject to U.S. federal income tax on gain realized upon the sale, exchange, retirement, redemption or other disposition of a note unless:

such holder is an individual present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement, redemption or other disposition and certain other conditions are met, in which case such holder will be subject to a 30% U.S. federal income tax on the gain derived from the sale or other disposition, which may be offset by certain U.S. source capital losses, or

S-31

Table of Contents

the gain is U.S. trade or business income, in which case such holder generally will be subject to U.S. federal income tax in the same manner as U.S. Holders, as described above. Additionally, in such event, Non-U.S. Holders that are corporations could be subject to a 30% (or lower applicable treaty rate) branch profits tax on such holder's effectively connected earnings and profits attributable to such gain.

Treatment of notes for U.S. federal estate tax purposes

A note held, or treated as held, by an individual who is a Non-U.S. Holder (as specifically defined for estate tax purposes) at the time of his or her death will not be subject to U.S. federal estate tax, provided generally that the Non-U.S. Holder does not at the time of death actually or constructively own 10% or more of the combined voting power of all classes of our stock and payments of interest on such notes would not have been considered U.S. trade or business income.

U.S. information reporting requirements and backup withholding

When required, we will report to the holders of the notes and the IRS amounts paid on or with respect to the notes and the amount of any tax withheld from such payments.

Certain non-corporate U.S. Holders may be subject to backup withholding at a rate equal to the fourth lowest rate of income tax applicable to unmarried individuals on payments made on or with respect to the notes. This rate is currently 28%. In general, backup withholding will apply to a U.S. Holder only if the U.S. Holder:

fails to furnish its Taxpayer Identification Number, or TIN, which for an individual would be his or her Social Security Number;

furnishes an incorrect TIN;

is notified by the IRS that it is subject to backup withholding because it has failed to properly report payments of interest and dividends; or

under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments.

A U.S. Holder will be eligible for an exemption from backup withholding if it provides a properly completed IRS Form W-9 (or substitute form) to us or our paying agent.

A Non-U.S. Holder that provides an IRS Form W-8BEN (or substitute form), signed under penalties of perjury, identifying the Non-U.S. Holder and stating that the Non-U.S. Holder is not a United States person, will not be subject to U.S. backup withholding, provided that neither we nor our paying agent had any actual knowledge that the holder is a United States person or otherwise does not satisfy the requirements for an exemption.

Information reporting and backup withholding requirements with respect to the payment of the proceeds from the disposition of a note by a Non-U.S. Holder are as follows:

If the proceeds are paid to or through the U.S. office of a broker, they generally will be subject to information reporting and backup withholding at the rate described above. However, no such reporting and withholding is required if: (i) the holder either certifies as to its status as a Non-U.S. Holder under penalties of perjury on an IRS

Form W-8BEN (or substitute form) or otherwise establishes an exemption and (ii) the broker does not have actual knowledge to the contrary.

If the proceeds are paid to or through a foreign office of a broker that is not a United States person or a U.S. related person, as defined below, they will not be subject to backup withholding or information reporting. If the proceeds are paid to or through a foreign office of a broker that is either a United States person or a U.S. related person, they generally will be subject to information reporting. However, no such reporting is required if (i) the holder certifies as to its status as a Non-U.S. Holder under penalties of perjury

S-32

Table of Contents

or the broker has certain documentary evidence in its files as to the Non-U.S. Holder's foreign status, and (ii) the broker has no actual knowledge to the contrary. Backup withholding will not apply to payments made through foreign offices of a United States person or U.S. related person, absent actual knowledge that the payee is a United States person.

For purposes of this paragraph, a U.S. related person is:

a controlled foreign corporation for U.S. federal income tax purposes;

a foreign person 50% or more of whose gross income during a specified three-year period is effectively connected with the conduct of a U.S. trade or business; or

a foreign partnership if one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if the partnership is engaged in the conduct of a U.S. trade or business.

Backup withholding is not an additional tax and may be refunded or credited against the holder's U.S. federal income tax liability, provided that certain required information is timely furnished to the IRS. The information reporting requirements may apply regardless of whether withholding is required. Copies of the information returns reporting such interest and withholding may be made available to the tax authorities in foreign countries under the provisions of an income tax treaty or agreement.

The federal tax discussion set forth above is included for general information only and may not be applicable depending upon a holder's particular situation. Persons considering the purchase of the notes should consult their tax advisers concerning the application of the U.S. federal income, estate and gift tax laws to their particular situations as well as any tax consequences of the purchase, beneficial ownership and disposition of the notes arising under the laws of any state, local, foreign or other taxing jurisdiction.

Table of Contents**UNDERWRITING**

We are offering the notes described in this prospectus supplement through a number of underwriters. Banc of America Securities LLC, Barclays Capital Inc. and J.P. Morgan Securities Inc. are the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table:

Underwriter	Principal amount of 4.50% notes due 2014	
Banc of America Securities LLC	\$	100,000,000
Barclays Capital Inc.		90,000,000
J.P. Morgan Securities Inc.		90,000,000
BNY Mellon Capital Markets, LLC		28,000,000
Goldman, Sachs & Co.		28,000,000
Wells Fargo Securities, LLC		28,000,000
BB&T Capital Markets, a division of Scott & Stringfellow, LLC		8,000,000
Calyon Securities (USA) Inc.		8,000,000
RBS Securities Inc.		8,000,000
Daiwa Securities America Inc.		4,000,000
Mizuho Securities USA Inc.		4,000,000
SunTrust Robinson Humphrey, Inc.		4,000,000
Total	\$	400,000,000

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us.

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering price set forth on the cover of this prospectus supplement, and to certain dealers at such price less a concession not in excess of 0.350% of the principal amount of the notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of 0.250% of the principal amount of the notes to certain other dealers. After the public offering of the notes, the public offering price and other selling terms may be changed.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts, will be approximately \$380,000.

We have agreed to indemnify the underwriters against, or contribute to payments that the underwriters may be required to make in respect of, certain liabilities, including liabilities under the Securities Act of 1933.

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities

at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering of the notes, certain of the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the notes.

Specifically, the underwriters may overallocate in connection with the offering, creating a short position. In addition, the underwriters may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market price of the notes. The underwriters will not be

S-34

Table of Contents

required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

In the ordinary course of business, the underwriters or their affiliates have provided and may in the future provide commercial, financial advisory or investment banking services for us and our subsidiaries for which they have received or will receive customary compensation. An affiliate of Banc of America Securities LLC is the administrative agent under the Senior Credit Facility and affiliates of each of the underwriters are lenders under the Senior Credit Facility and may receive a portion of the amounts repaid under the Senior Credit Facility with the net proceeds of this offering.

Daiwa Securities America Inc. (DSA) has entered into an agreement with SMBC Securities, Inc. (SMBCSI) pursuant to which SMBCSI provides certain advisory and/or other services to DSA, including services with respect to this offering. In return for the provision of such services by SMBCSI to DSA, DSA will pay to SMBCSI a mutually agreed-upon fee.

Because we expect that more than 10% of the net proceeds of this offering will be used to reduce outstanding indebtedness under our Senior Credit Facility, and the Underwriters or affiliates of the Underwriters are lenders under our Senior Credit Facility, this offering is being conducted in accordance with the applicable requirements of Rule 5110(h)(1) and Conduct Rule 2720 of the Financial Industry Regulatory Authority, Inc. regarding the underwriting of securities of a company with a member that has a conflict of interest within the meaning of those rules.

Table of Contents

LEGAL MATTERS

Certain legal matters in connection with the offering of the notes will be passed upon for Airgas, Inc. by Cravath Swaine & Moore LLP, New York, New York, and for the underwriters by Cahill Gordon & Reindel llp, New York, New York.

EXPERTS

The consolidated financial statements and schedule of Airgas, Inc. and subsidiaries as of March 31, 2009 and 2008, and for each of the years in the three-year period ended March 31, 2009, and management's assessment of the effectiveness of internal control over financial reporting as of March 31, 2009 have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

The report refers to the adoption of Financial Accounting Standards Board Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, effective April 1, 2007.

S-36

Table of Contents

PROSPECTUS

**DEBT SECURITIES
GUARANTEES OF DEBT SECURITIES**

We may offer from time to time unsecured debt securities consisting of notes, debentures or other evidences of indebtedness.

The terms of each series of debt securities will be set forth in a prospectus supplement. You should read this prospectus and the prospectus supplement carefully.

This prospectus may not be used to offer or sell any debt securities unless accompanied by a prospectus supplement.

Investing in these securities involves certain risks. See the section entitled Risk Factors beginning on page 11 of our Annual Report on Form 10-K for the year ended March 31, 2009 and similar sections in subsequent reports filed publicly, each of which is incorporated by reference into this prospectus and, if applicable, any risk factors described in any accompanying prospectus supplement.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

We may sell debt securities directly, through agents or through underwriters or dealers.

The date of this prospectus is September 8, 2009

TABLE OF CONTENTS

	Page
<u>About this Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Incorporation of Certain Documents by Reference</u>	2
<u>Forward-Looking Statements</u>	3
<u>Airgas, Inc.</u>	4
<u>Use of Proceeds</u>	5
<u>Ratio of Earnings to Fixed Charges</u>	5
<u>Description of the Debt Securities and Guarantees</u>	6
<u>Plan of Distribution</u>	12
<u>Legal Matters</u>	13
<u>Experts</u>	13

Table of Contents

ABOUT THIS PROSPECTUS

This prospectus is part of an automatic shelf registration statement that we filed with the Securities and Exchange Commission (the Commission) as a well-known seasoned issuer as defined in Rule 405 under the Securities Act of 1933, as amended (the Securities Act), utilizing a shelf registration process. Under this shelf process, we may, from time to time, sell debt securities described in this prospectus in one or more offerings.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering. The prospectus supplement may also add, update or change information contained in this prospectus. You should read both this prospectus and any prospectus supplement together with additional information described under the heading "Where You Can Find More Information" below.

Unless we state otherwise or the context otherwise requires, references to Airgas, us, we, our or Company in this prospectus means Airgas, Inc., and does not include the consolidated subsidiaries of Airgas, Inc. When we refer to you in this section, we mean all purchasers of the securities being offered by this prospectus, whether they are the holders or only indirect owners of those securities.

You should rely only on the information provided in this prospectus and in any prospectus supplement, including the information incorporated by reference. We have not authorized anyone to provide you with different information. We are not offering the securities in any state where the offer is not permitted. You should not assume that the information in this prospectus, or any supplement to this prospectus, is accurate at any date other than the date indicated on the cover page of these documents.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Commission a registration statement under the Securities Act that registers the distribution of the debt securities. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and our securities. The rules and regulations of the Commission allow us to omit certain information included in the registration statement from this prospectus.

In addition, we file annual, quarterly and current reports, proxy statements and other information with the Commission under the Securities Exchange Act of 1934, as amended (the Exchange Act). You may read and copy this information at the following location of the Commission.

Public Reference Room
100 F Street, N.E.
Washington, D.C. 20549

You may also obtain copies of this information by mail from the Public Reference Room of the Commission, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330.

The Commission also maintains a website that contains reports, proxy statements and other information about issuers. The address of that site is <http://www.sec.gov>.

Edgar Filing: AIRGAS SOUTH INC - Form 424B2

You can also inspect reports, proxy and information statements and other information about the Company at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Table of Contents

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The Commission allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the Commission. The information incorporated by reference is considered to be a part of this prospectus, except for any information that is superseded by information that is included directly in this document.

This prospectus incorporates by reference the documents listed below that we have previously filed with the Commission. They contain important information about us.

Company SEC Filings	Period
Annual Report on Form 10-K	Year ended March 31, 2009
Quarterly Report on Form 10-Q	Quarter ended June 30, 2009
Current Report on Form 8-K	As filed on August 20, 2009

We incorporate by reference additional documents that we may file with the Commission between the date of this prospectus and the termination or completion of the offering of the debt securities. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements. Any report, document, or portion thereof that is furnished to, but not filed with, the Commission is not incorporated by reference. The information contained on our website (www.airgas.com) is not incorporated into this prospectus.

92.55% —

Risk-free interest rate

2.82% —

Expected term (years)

8.36 —

The computation of expected volatility used in the Black-Scholes-Merton option-pricing model is based on the historical volatility of the Company's share price. The expected term is estimated based on a review of historical employee exercise behavior with respect to option grants. The risk-free interest rate is based on the U.S. Treasury rates with maturity similar to the expected term of the option on the date of grant.

A summary of the changes in stock options outstanding for the three-month period ended June 30, 2018 and the year ended March 31, 2018 is as follows:

Edgar Filing: AIRGAS SOUTH INC - Form 424B2

	Shares	Weighted Average Exercise Price per share	Weighted Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at March 25, 2017	1,104,500	\$ 1.41	6.1	\$ 3
Granted	856,000	0.34	10.0	
Forfeited / Expired	(481,800)	1.34		
Outstanding at March 31, 2018	1,478,700	\$ 0.56	8.0	\$ —
Granted	50,000	0.27	10.0	
Forfeited / Expired	(31,000)	1.41		
Outstanding at June 30, 2018	1,497,700	\$ 0.53	7.8	\$ —
Exercisable at June 30, 2018	500,650	\$ 0.79	4.4	\$ —
At June 30, 2018 expected to vest in the future	702,491	\$ 0.40	9.6	\$ —

As of June 30, 2018, there was \$205,000 of total unrecognized compensation cost related to non-vested options. That cost is expected to be recognized over a weighted average period of 3.71 years and will be adjusted for subsequent changes in estimated forfeitures. There were 7,200 options that vested during the quarter ended June 30, 2018, and 26,500 options that vested during the quarter ended June 24, 2017. The total fair value of options vested during each of the quarters ended June 30, 2018 and June 24, 2017 was \$9,052 and \$33,000 respectively. There were no options exercised in the three-month period ended June 30, 2018 and June 24, 2017. Share based compensation cost related to stock options recognized in operating results for the three months ended June 30, 2018 and June 24, 2017 totaled \$20,000 and \$37,000, respectively.

Restricted Stock

The Company granted no restricted awards (“RSAs”) during the first quarter of fiscal 2019. No RSAs were granted during the first quarter of fiscal 2018. The RSAs are considered fixed awards as the number of shares and fair value at the grant date is amortized over the requisite service period net of estimated forfeitures. As of June 30, 2018, there was \$61,000 of total unrecognized compensation cost related to non-vested RSAs. That cost is expected to be recognized over a weighted average period of 0.87 years and will be adjusted for subsequent changes in estimated forfeitures. Compensation cost recognized for RSAs and unrestricted stock awards in operating results for the three months ended June 30, 2018 and June 24, 2017 totaled \$37,000 and \$9,000, respectively

A summary of the changes in non-vested RSAs outstanding for the three-month period ended June 30, 2018 and the fiscal year ended March 31, 2018 is as follows:

	Shares	Weighted Average Fair Value
Non-Vested at March 25, 2017	—	\$ —
Granted	586,950	0.66
Vested	(51,000)	(0.60)
Forfeited or cancelled	(236,000)	(0.68)
Non-Vested at March 31, 2018	299,950	\$ 0.65
Vested	(37,500)	(0.39)
Non-Vested at June 30, 2018	262,450	\$ 0.68

(10) Significant Customer and Industry Segment Information

The Company has two reportable segments: Giga-tronics Division and Microsource.

The Giga-tronics Division historically produced a broad line of test and measurement equipment used primarily for the design, production, repair and maintenance of products in aerospace, telecommunications, RADAR, and electronic warfare. The Company completed the divestiture of its switch and legacy product lines, and is now solely focused on producing the ASG and the ASA.

Microsource primarily develops and manufactures YIG RADAR filters used in fighter jet aircraft for two prime contractors.

The tables below present information for the two reportable segments:

(In thousands)	Three Month Periods			Three Month Periods		
	Ended At June 30 ,		Net Income (Loss)	Ended At June 24,		Net Income (Loss)
	2018	2018		2017	2017	
Assets	Net Sales		Assets	Net Sales		
Giga-tronics Division	\$4,418	\$38	\$ (1,559)	\$6,153	\$297	\$ (1,849)
Microsource	1,953	1,061	1,272	2,907	1,694	591
Total	\$6,371	\$1,099	\$ (287)	\$9,060	\$1,991	\$ (1,258)

During the first quarter of fiscal 2019, one customer accounted for 64% of the Company's consolidated revenues and was included in the Microsource segment. A second customer accounted for 31% and was also included in the Microsource segment. During the first quarter of fiscal 2018, one customer accounted for 43% of the Company's consolidated revenues and was included in the Microsource segment. A second customer accounted for 37% and was also included in the Microsource segment.

(11) Income Taxes

The Company accounts for income taxes using the asset and liability method as codified in Topic 740. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards.

The Company recorded \$62,000 income tax expense for the three months ended June 30, 2018 and no income tax expense for the three months ended June 24, 2017. In April 2018, the Franchise Tax Board (“FTB”) issued its response to the Appeal filed by the Company to dispute the original audit findings related an ongoing audit. As a result of this development, the accrued state tax liability was increased by \$62,000, from \$45,000 to \$107,000. The effective tax rate for the three months ended June 30, 2018 and June 24, 2017 was 0% each year, primarily due to a valuation allowance recorded against the net deferred tax asset balance.

As of June 30, 2018, the Company had recorded \$122,000 for unrecognized tax benefits related to uncertain tax positions. The unrecognized tax benefit is netted against the non-current deferred tax asset on the Consolidated Balance Sheet. The Company does not expect the liability for unrecognized tax benefits to change materially within the next 12 months.

On December 22, 2017, the U.S. enacted the Tax Cuts and Jobs Act (the “Act”), which significantly changed U.S. tax law. The Act lowered the Company’s U.S. statutory federal income tax rate from 35% to 21% effective January 1, 2018, and imposes new limitations on the utilization of losses incurred in tax years beginning after December 31, 2017. However, the enactment of the legislative changes has not affected the Company’s overall effective tax rate of 0%, due to, as previously noted, a full valuation allowance recorded against the net deferred tax asset balance.

(12) Warranty Obligations

The Company records a liability in cost of sales for estimated warranty obligations at the date products are sold. Adjustments are made as new information becomes available. The following provides a reconciliation of changes in the Company’s warranty reserve. The Company provides no other guarantees.

	Three Months Ended June 30,	Three Months Ended June 24,
(In thousands)	2018	2017
Balance at beginning of period	\$ 164	\$ 123
Provision, net	6	1
Warranty costs incurred	(29)	(33)
Balance at end of period	\$ 141	\$ 91

(13) Preferred Stock and Warrants

Series E Senior Convertible Voting Perpetual Preferred Stock

On March 26, 2018, the Company entered into a Securities Purchase Agreement for the sale of 43,800 shares of a newly designated series of 6.0% Series E Senior Convertible Voting Perpetual Preferred Stock (“Series E Shares”) to approximately 15 private investors. The sale was completed and the Series E Shares were issued on March 28, 2018.

The purchase price for each Series E Share was \$25.00. Gross proceeds received by the Company were approximately \$1.095 million (the “Placement”). Net proceeds to the Company after fees and expenses of the Placement were approximately \$1.0 million. Placement agent fees incurred in connection with the transaction were 5% of gross proceeds or approximately \$57,000 in cash, plus warrants to purchase 5% of the number of common shares into which the Series E shares can be converted (223,000 shares) at an exercise price of \$0.25 per share.

Each Series E Share is initially convertible (at the option of the holder) at a conversion price of \$0.25 per share of common stock, representing 100 shares of the Company’s common stock per each Series E Share. The conversion ratio is subject to adjustments for stock splits, stock dividends, recapitalizations and similar transactions. As of March 31, 2018, if all 43,800 issued Series E Shares were immediately converted, holders of such shares would acquire 4,380,000 shares of common stock of the Company, or 31% of the pro forma number of shares of common stock that would be outstanding if the conversion had occurred on this date, 27% of the pro forma number of shares of common stock that would be outstanding upon the conversion of the Company’s outstanding shares of Series B, Series C and Series D Convertible Preferred Stock (collectively, the “Previously Issued Preferred Shares”) and 22% of the pro forma number of shares of common stock that would be outstanding if all shares of preferred stock were converted and all warrants exercised as of this date. The Company is entitled to redeem Series E Shares at a price equal to 300% of the Series E Share purchase price, or \$75.00 per share, subject to potential adjustment, but the right to redeem is subject to satisfaction of certain conditions related to the market price and trading volume of the Company’s common stock.

Each Series E Share has a liquidation preference of 150% of the purchase price or \$37.50, subject to adjustment. In the event of any liquidation, dissolution or winding up of the affairs of the Company, whether voluntary or involuntary, a merger, or a sale of the Company’s MSI business line or Simulation and Electronics Warfare business line or their related assets, before any payment or distribution to holders of junior shares (including common stock and Previously Issued Preferred Stock), holders of Series E Shares will be entitled to receive an amount of cash per share of Series E Shares up to the liquidation preference plus all accumulated accrued and unpaid dividends thereon. Upon a sale of the Company’s MSI business line or Simulation and Electronics Warfare business line or their related assets, holders of Series E Shares shall be entitled to receive a pro rata portion of the net sale proceeds after reasonable transaction expenses and amount payable to the Company’s secured creditors for releases of their liens on such assets, up to the liquidation preference plus accrued and unpaid dividends. If the payment per Series E Shares is less than the Series E Shares’ liquidation preference, the liquidation preference and the Series E Share redemption price will be reduced by the amount of the payment received.

Holder of Series E Shares are entitled to receive, when, as and if declared by the Company's Board of Directors, cumulative preferential dividends, payable semiannual in cash at a rate per annum equal to 6.0% of the initial purchase price of \$25.00 per share or in-kind (at the Company's election) through the issuance of shares of the Company's common stock, based on the 10 day volume weighted average price of the common stock.

Holder of Series E Shares generally vote together with the common stock on an as-converted basis on each matter submitted to the vote or approval of the holders of common stock, and vote as a separate class with respect to certain actions that adversely affect the rights of the holders of Series E Shares and on other matters as required by law. In addition, the approval of the Holders of the Series E shares is generally required prior to the Company's issuance of any securities having rights senior to or in parity with the Series E Shares with respect to dividends or liquidation preferences. The Series E Shares' right to approve parity securities will terminate at such time that (1) fewer than 22,300 Series E Shares, which is 50% of the number of Series E Shares first issued, remain outstanding or (2) the volume weighted average closing price of the Company's common stock for any 20 trading days within any 30 trading day period is \$0.75 or more, the average daily trading volume over such 30 trading day period is 100,000 shares or more and there is either an effective registration statement covering resale of the shares of common stock that holders of Series E Shares would be entitled to receive upon conversion and any shares received as pay-in-kind dividends, or such share could be freely sold pursuant to Rule 144 under the Securities Act of 1933, as amended.

The Company and each Series E investor entered into an Investor Rights Agreement. Under this agreement, the Company agreed to, among other things, use best efforts to file certain registration statements for the resale of common stock of the Company that the investor may acquire upon conversion of the Series E Shares and may potentially receive as payment-in-kind dividends during the two years following the date of the agreement. The Company also agreed that it would not issue additional debt without the approval by holders of at least 66.6% of the Series E Shares, other than trade debt incurred in the normal course and commercial bank working capital debt, whether revolving or term debt. Concurrent with the execution of the Securities Purchase Agreement for the Series E Shares, the Company and PFG entered into a modification agreement providing for the restructuring of certain terms associated with approximately \$1.7 million in indebtedness owed to PFG (see Note 8 – Term Loans, Revolving Line of Credit and Warrants).

In connection with the sale of Series E Shares, the Company agreed to reduce the exercise price of certain warrants issued in connection with the Company's private placement in January 2016 (see Note 18 – Private Placement Offering), in which the Company sold (in part) 2,787,872 warrants (a "2016 Warrant"). Each 2016 Warrant entitled the holder to purchase 0.75 shares of the Company's common stock at the price of \$1.15 per whole share. The Company agreed to reduce the exercise price of 2016 Warrants that are held by the 2016 Investors purchasing Series E Shares from \$1.15 to \$0.25 per share as follows: A 2016 Investor purchasing an amount equal to or exceeding the lesser of \$200,000 or 50% of the amount it invested in the 2016 Private Placement will have the exercise price of all of its 2016 Warrants reduced to \$0.25, and 2016 Investors purchasing less than the lesser of \$200,000 or 50% of the amount it invested in the January 2016 Private Placement will have the exercise price of a ratable percentage of the 2016 Warrants reduced to \$0.25. In connection with its sale of the Series E Shares, the Company reduced the exercise price of 1,759,268 of the outstanding 2016 Warrants to \$0.25.

The fair value attributable to re-pricing the 2016 Warrants, provided to the participating 2016 Investors, of approximately \$203,000, was deducted from the Series E gross proceeds to arrive at the initial discounted carrying value of the Series E Shares. The initial discounted carrying value resulted in recognition of a beneficial conversion feature of approximately \$557,000, further reducing the initial carrying value of the Series E Shares. The discount to the aggregate stated value of the Series E Shares, resulting from recognition of the beneficial conversion feature, was immediately accreted as a reduction of common stock and an increase in the carrying value of the Series E Shares. The accretion is presented as a deemed dividend in the consolidated statements of operations.

In addition, warrants to purchase 292,727 shares of common stock held by the placement agent, as a result of a prior transaction, were amended to reduce the exercise price from \$1.15 per share to \$0.25 per share. The fair value attributable to re-pricing the placement agent warrants of approximately \$53,000 was recognized as additional Series E issuance costs and recognized net in the carrying value of Series E Shares.

For the three months ending June 30, 2018, the Company issued an additional 8,800 shares of Series E Senior Convertible Voting Perpetual Preferred Stock at a purchase price of \$25.00 per share for total gross proceeds of \$220,000.

The table below presents information as of June 30, 2018 and March 31, 2018:

Preferred Stock

	Shares	Shares	Shares	Liquidation
	Designated	Issued	Outstanding	Preference (in thousands)
Series B	10,000.00	9,997.00	9,997.00	\$ 2,309
Series C	3,500.00	3,424.65	3,424.65	500
Series D	6,000.00	5,111.86	5,111.86	731
Series E	60,000.00	43,800.00	43,800.00	1,643
Total at March 31, 2018	79,500.00	62,333.51	62,333.51	\$ 5,183
Series E		9,600.00	9,600.00	360
Total at June 30, 2018	79,500.00	71,933.51	71,933.51	\$ 5,413

(14) — Subsequent Events

During August 2018, the Company issued an additional 1,400 shares of Series E Senior Convertible Voting Perpetual Preferred Stock at a purchase of \$25.00 per share for total gross proceeds of \$35,000.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The forward-looking statements included in this report including, without limitation, statements containing the words "believes", "anticipates", "estimates", "expects", "intends" and words of similar import, which reflect management's best judgment based on factors currently known, involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including but not limited to those listed in Giga-tronics' Annual Report on Form 10-K for the fiscal year ended March 31, 2018 Part I, under the heading "Risk Factors", and Part II, under the heading "Management's Discussion and Analysis of Financial Conditions and Results of Operations".

Overview and Refocusing of Giga-tronics

We produce YIG (Yttrium, Iron, Garnet) tuned oscillators, RADAR filters, and microwave synthesizers for use in military defense applications. We also produce sophisticated test and measurement equipment primarily used in electronic warfare test & emulation applications. We have two reporting segments: Microsource and the Giga-tronics Division.

Microsource primarily develops and manufactures YIG RADAR filters used in fighter jet aircraft for two prime contractors. These YIG RADAR filters are typically delivered pursuant to contracts covering multiple interim and or fiscal year periods and often include non-recurring engineering services for the design or redesign of such products prior to quantity production orders and deliveries thereof.

The Giga-tronics Division designs, manufactures and markets a family of modular test products for use primarily in the electronic warfare (EW) segment of the defense electronics market. These modular test products represent critical building blocks in the construction of test and simulation systems used to validate the performance of RADAR & EW equipment. Giga-tronics Division customers include major prime defense contractors, the armed services (primarily in the U.S) and research institutes. This product platform for RADAR & EW test & simulation applications (formerly referred to as "Hydra") has been the Company's principal new product development initiative since 2011 within the test & measurement equipment marketplace, replacing its broad product line of general purpose benchtop test & measurement products used for the design, production, repair and maintenance of products in the aerospace and telecommunications equipment marketplace. The substantial majority of these legacy product lines which the Company produced over the previous 35 years were sold by the Company between 2013 and 2016

because of lack of growth and poor gross margins. For example, we sold our SCPM product line to Teradyne in 2013; in December 2015, we sold our Power Meters and Amplifiers to Spanawave Corporation; and in June 2016, we sold our Switch product line to Astronics. The Company believes the EW test and simulation product market possesses greater long-term opportunities for revenue growth and improved gross margins compared to the general purpose test & measurement equipment marketplace.

The recent sales of our legacy general-purpose test & measurement product lines and focus on our Microsource products and our EW test & emulation product platform has allowed us to significantly reduce our headcount and operating expenses during fiscal years 2018 and 2017. For example, our operating expenses for fiscal 2018 were 15% lower as compared to fiscal year 2017 and 30% lower as compared to fiscal year 2016.

The Company believes that customer spending for EW systems, including test and emulation, will grow in future years due to more complex RADAR signals and foreign investment in new technology which will require customers to have greater access to more sophisticated test and emulation equipment.

Although the Company believes its RADAR & EW test products have the potential to significantly grow our sales, we have experienced significant delays in developing, manufacturing, and receiving orders for these products. These EW platform products are the most technically complex and advanced products Giga-tronics has developed and manufactured, and we have experienced delays in bringing the product to market and efficiently manufacturing it. It is also priced significantly higher than our previous general-purpose test & measurement products, and we have experienced longer than anticipated procurement cycles in the electronic warfare market it services. The delays in the development, refinement and manufacturing of the EW platform products, along with the longer than anticipated procurement cycles, have contributed to the significant operating losses in fiscal years 2018 and 2017. Through March 31, 2018, the Company has delivered its new Radar & EW test products to multiple customers resulting in approximately \$10 million in cumulative revenue. Additionally, the Company has recently restructured and refocused its sales force towards selling complete test solutions to defense agencies and prime contractors as opposed to component selling. To bring the EW product platform to its full potential, Giga-tronics may be required to seek additional working capital; however, there are no assurances that such working capital will be available, or on terms acceptable to the Company. The Company may also be required to further reduce expenses if EW product platform sales goals are not achieved and thereby restructure its operations to rely solely on its more profitable Microsource MIC component business segment to generate profits and cash from operating activities. As part of such a restructuring, management believes the MIC components which the Company developed for the RADAR & EW test products could be a source of growth for the Microsource business segment.

The Company also anticipates growth in its Microsource RADAR filter business because the potential for significant additional future orders for such products and related services.

Significant Orders

Both Microsource and the Giga-tronics Division receive large customer orders each year. The timing of orders, delivery schedules and any associated milestones achievement, can cause significant differences in orders received, backlog, sales, deferred revenue, inventory and cash flow when comparing one fiscal period to another. Below is a review of recently received significant orders:

Microsource

In fiscal 2015, Microsource received a \$6.5 million order for non-recurring engineering (“NRE”) services and for delivery of a limited number of flight-qualified prototype hardware from a prime defense contractor to develop a variant of our high performance, fast tuning YIG RADAR filters for a fighter jet aircraft platform. In fiscal 2016 our Microsource business unit finalized an associated multiyear \$10.0 million YIG production order (“YIG Production Order”). The Company started shipping the YIG Production Order in the second quarter of fiscal 2017 and anticipates shipping the remainder through fiscal 2020.

In the first quarter of fiscal 2017, Microsource received a \$4.5 million order for a YIG RADAR filter which we have been manufacturing for a fighter jet platform since fiscal 2014. We shipped approximately \$4.1 million of this order in fiscal 2017 and shipped the remainder in the first quarter of fiscal 2018.

In July 2016, Microsource received a \$1.9 million non-recurring engineering services order associated with redesigning a component of its high performance YIG filter used on a fighter jet aircraft platform. Of this NRE service order, we delivered services of approximately \$884,000 and \$816,000 in fiscal years 2017 and 2018, respectively, and expect to deliver the remaining services during fiscal 2019.

In September 2017, Microsource received a \$4.8 million order for continuing the YIG RADAR filter for a fighter jet platform. The Company began initial shipments of these filters in the fourth quarter of fiscal 2018 and expects to ship the bulk of the order over the succeeding 9 to 12 month period.

In February 2018, Microsource received a \$1.6 million YIG RADAR filter order from one of our customers. We expect to start shipping this order in the second quarter of fiscal 2019.

Giga-tronics Division

In June 2016, the Giga-tronics Division received a \$3.3 million order from the United States Navy for our Real-Time Threat Emulation System (TEmS) which is a combination of the ASGA hardware platform, along with software developed and licensed to the Company from a major aerospace and defense company. The complete order included ASGA blades, along with engineering services to integrate the Real-Time TEmS product with additional third-party hardware and software for the customer. We fulfilled the order during the fourth quarter of the fiscal 2017. An additional order for \$542,000 was received in July 2016 from the United States Navy for our ASG hardware only platform. We fulfilled this order in the second quarter of fiscal 2017.

In July 2017, the Giga-tronics Division received a follow on \$1.7 million order from the United States Navy for our TEmS product. We fulfilled this order during the third quarter of fiscal 2018.

Critical Accounting Policies

Please refer to the section of the Company's Annual Report on Form 10-K for the year ended March 31, 2018 entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations —Critical Accounting Policies" for a discussion of our critical accounting policies. During the three months ended June 30, 2018, there were no material changes to these policies other than as disclosed in Note 1 Organization and Significant Accounting Policies.

In preparing the consolidated financial statements, management is required to make estimates based on the information available that affect the reported amounts of assets and liabilities as of the balance sheet dates and revenues and expenses for the reporting periods. While we believe that these accounting policies and estimates are based on sound measurement criteria, actual future events can and often do result in outcomes that can be materially different from these estimates and forecasts.

Results of Operations

New orders received by segment are as follows:

NEW ORDERS

(Dollars in thousands)	Three Month Periods Ended		
	June 30, 2018	June 24, 2017	% change
Giga-tronics Division	\$52	\$—	100 %
Microsource	413	17	NM
Total	\$465	\$ 17	NM

New orders received in the first quarter of fiscal 2019 increased to \$465,000 from \$17,000 received in the first quarter of fiscal 2018. Both the Giga-tronics Division and Microsource segment saw increases in orders in the first quarter of fiscal 2019. The Giga-tronics Division had minimal ASG orders in the first quarter of fiscal 2019. The increase in Microsource business unit orders during the first quarter of fiscal 2019 was attributable to YIG filters orders. The timing of receipt of expected large YIG filter contracts varies from period to period.

The following table shows order backlog and related information at the end of the respective periods:

BACKLOG

(Dollars in thousands)	June 30, 2018	June 24, 2017	% change
	Backlog of unfilled orders at end of period:		
Giga-tronics Division	\$—	\$444	(100)%
Microsource	5,824	8,924	(35)%
Total	\$5,824	\$9,368	(38)%
Backlog of unfilled orders shippable within one year:			
Giga-tronics Division	\$—	\$444	(100)%
Microsource	3,504	4,058	(14)%
Total	\$3,504	\$4502	(22)%

Backlog at the end of the first quarter of fiscal 2019 decreased 38% comparable prior year date primarily due to the impact of the adoption of ASC 606 on April 1, 2018. The Giga-tronics ASG backlog at June 30, 2018 was zero, a decrease of \$444,000 from the comparable prior year date due to the fulfilment of the Navy ASG order. Microsource saw a 35% decrease in backlog in the first quarter of fiscal 2019 which was primarily due the impact of the adoption of ASC 606.

The allocation of net sales was as follows for the periods shown:

ALLOCATION OF NET SALES

(Dollars in thousands)	Three Month Periods Ended		%	Change
	June 30, 2018	June 24, 2017		
Giga-tronics Division	\$ 129	\$297	(57)%
Microsource	2,921	1,694	72	%
Total	\$3,050	\$ 1,991	53	%

Fiscal 2019 first quarter net sales were \$3.1 million, a 53% increase as compared to \$2.0 million for the first quarter of fiscal 2018. Revenue allocated to Microsource segment increased 72% in part due to the Company's required adoption of ASC 606 on April 1, 2018 (beginning of the Company's 2019 fiscal year) using the modified retrospective method. Under ASC 606, revenue is recognized as the customer obtains control of the goods and services promised in the contract. Given the nature of the Company's products and terms and conditions in the contracts, the customer typically obtains control as the Company performs work under such contract. Therefore, the Company expects to recognize revenue over time for substantially all of its contracts using the percentage-of-completion cost-to-cost method. As a result, the Company is recognizing revenue for these contracts as it incurs costs, as opposed to when units are delivered. This change has resulted in earlier revenue recognition in the performance period as compared to the legacy method for those contracts. In addition, increased Microsource RADAR filter sales contributed to the Company's higher revenue for the first quarter fiscal 2019 over 2018.

Net sales for the Company's Giga-tronics business unit were \$129,000, a 57% decrease from \$297,000 in the first quarter of fiscal 2018. The decrease was due to lower ASG product shipments. Sales for the Company's Advanced Signal Generator ("ASG") were \$100,000 in the first quarter of fiscal 2019 compared to \$200,000 in the first quarter of fiscal 2018.

Gross profit was as follows for the periods shown:

GROSS PROFIT

(Dollars in thousands)	Three Month Periods Ended		
	June 30, 2018	June 24, 2017	% change
Total	\$1,306	\$466	180 %

Gross profit increased in the first quarter of fiscal 2019 to \$1,306,000 from \$466,000 for the first quarter of fiscal 2018. The higher gross profit was due to an increase in the sales of Microsource RADAR filters of 72% with only a 49% increase in Microsource cost of sales in the first quarter of fiscal 2019 over fiscal 2018. In addition, the increase in gross profit was partially due to the acceleration of revenue and related profit resulting from the adoption of ASC 606 as described above.

Operating expenses were as follows for the periods shown:

OPERATING EXPENSES

(Dollars in thousands)	Three Month Periods Ended		
	June 30, 2018	June 24, 2017	% change
Engineering	\$375	\$452	(17)%
Selling, general and administrative	1,001	1,171	(15)%
Total	\$1,376	\$1,623	(15)%

Operating expenses decreased 15% or \$247,000 in the first quarter of fiscal 2019 over fiscal 2018. Engineering expenses decreased \$77,000, primarily due to a decrease in personnel related expenses due to lower headcount.

Selling, general and administrative decreased by \$170,000 primarily due to a decrease in headcount and personnel related expenses, a decrease in bonuses and commissions, and lower lease and facilities cost as a result of the Company's relocation to a smaller facility in Dublin, California during May 2017.

Interest Expense

Net interest expense in the first quarter of fiscal 2019 was \$177,000, an increase of \$75,000 over the first quarter of fiscal 2018. Interest expense increased primarily due to the loan modification with PFG effective March 26, 2018, as well as additional interest accrued as a result of the Company's Series E Convertible Stock Offering. For the first quarter of fiscal 2019, interest expense includes \$50,000 of accretion of discounts on the new PFG loan compared to \$22,000 recorded in the first quarter of fiscal 2018.

Net Loss

Net loss for the first quarter of fiscal 2019 was \$287,000 compared to a net loss of \$1.3 million recorded in the first quarter of fiscal 2018. The decrease in net loss was primarily due to the impact of the adoption of ASC 606 as described above.

Financial Condition and Liquidity

	Periods Ended	
	June	March
	30,	31,
	2018	2018
Cash and cash equivalents	\$748	\$1,485
Total current assets	5,436	7,423
Total current liabilities	4,613	7,809
Working capital	\$823	\$(386)
Current ratio	1.18	0.95

As of June 30, 2018, Giga-tronics had \$748,000 in cash and cash equivalents, compared to \$1.5 million as of March 31, 2018. The Company had working capital of \$823,000 at June 30, 2018 compared to negative working capital of (\$386,000) at March 31, 2018. The current ratio (current assets divided by current liabilities) at June 30, 2018 was 1.18 compared to 0.95 at March 31, 2018. The increase in working capital was primarily due to the acceleration of revenue of \$596,000, an increase in prepaids and other current assets of \$643,000, a decrease in inventories of \$2.0 million, a decrease in deferred revenue of \$2.7 million all of which resulted from the adoption of ASC 606 during the first quarter of fiscal 2019.

Cash Flows

The following summary of our cash flows for the periods indicated has been derived from our consolidated financial statements included elsewhere in this filing:

	Three Months Ended	
	June 30, 2018	June 24, 2017
Net cash used in operating activities	\$(945)	\$(1,107)
Net cash used in investing activities	—	(620)
Net cash provided by financing activities	\$208	\$1,443

Cash Flows from Operating Activities

Cash used by operating activities during the three months ended June 30, 2018 of \$945,000 was primarily attributable to our net loss, changes in our working capital accounts, offset by other non-cash charges of \$73,000 for depreciation and amortization and \$57,000 for share-based compensation. Cash flow from our operating assets and liabilities decreased by \$849,000 as a result of increased inventories of \$468,000, a \$70,000 increase in accrued payroll and benefits, and a \$12,000 increase in other accrued liabilities, offset by a \$550,000 decrease in deferred revenue, a \$516,000 decrease in prepaid expenses and other current assets, a \$94,000 decrease in accounts receivable, and a decrease in accounts payable of \$240,000.

Cash used in operating activities was \$1.1 million for the three-month period ended June 24, 2017. Cash used in operating activities in the first quarter of fiscal 2018 resulted primarily from our net loss of \$1.3 million, a decrease of \$441,000 in accounts payable, a decrease of \$206,000 in accounts receivable and a decrease of \$167,000 in deferred revenues. These were partially offset by non-cash charges of \$247,000 for depreciation and amortization and an increase of \$451,000 in deferred rent.

We expect that cash flows from operating activities will fluctuate in future periods due to a number of factors including our operating results, amounts of non-cash charges, and the timing of our billings, collections and disbursements.

Cash Flows from Investing Activities

Cash used in investing activities for the three-month period ended June 30, 2018 was zero.

Cash used in investing activities for the three-month period ended June 24, 2017 was \$620,000 which was primarily attributable to leasehold improvements in connection with the Company's facility relocation to Dublin, California.

Cash Flows from Financing Activities

Cash provided by financing activities for the quarter ended June 30, 2018 was \$208,000, primarily due to net proceeds of \$205,000 from the Company's issuance of Series E convertible preferred stock.

Cash provided by financing activities for the quarter ended June 24, 2017 was \$1.4 million, primarily due to proceeds from the Company's term loan with PFG which was funded on April 28, 2017.

ITEM 3 - QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Pursuant to Item 305 of Regulation S-K, the Company, as a smaller reporting company, is not required to provide the information required by this item.

ITEM 4 - CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Principal Accounting & Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of June 30, 2018, which is the end of the fiscal quarter covered by this report. Based upon that evaluation, the Chief Executive Officer and Principal Accounting & Financial Officer concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurances that (i) the information the Company is required to disclose in the reports it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time period required by the Commission's rules and forms, and (ii) such information is accumulated and communicated to our management, including our Chief Executive Officers and Principal Accounting & Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

There were no significant changes in the Company's internal control over financial reporting during the period covered by this report that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

II - OTHER INFORMATION

ITEM 1 - LEGAL PROCEEDINGS

As of June 30, 2018, the Company has no material pending legal proceedings. From time to time, the Company is involved in various disputes and litigation matters that arise in the ordinary course of business.

ITEM 1A - RISK FACTORS

There has been no material change in the risk factors disclosed in the registrant's Annual Report on Form 10-K for the fiscal year ended March 31, 2018, except (i) with respect to the matter reported in Item 3, Defaults Upon Senior Securities, below and (ii) a continuing decrease in the Company's cash flow and liquidity, which increases the level of doubt as to the Company's ability to continue as a going concern.

ITEM 2 -UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 -DEFAULTS UPON SENIOR SECURITIES

On April 27, 2017, the Company entered into a new loan agreement with PFG. Under the terms of the agreement, PFG made a term loan to the Company in the principal amount of \$1,500,000. Between June 24, 2017 and March 25, 2018, the Company was not in compliance with the loan's revenue and tangible net worth financial covenants and was subject to a default interest rate of 22% per annum which it accrued and paid when due during this period.

On March 26, 2018, concurrent with the execution of the Securities Purchase Agreement for the Series E Shares (see Note 13 – Preferred Stock and Warrants - Series E Senior Convertible Voting Perpetual Preferred Stock), the Company and PFG entered into a modification agreement providing for the restructuring of certain terms associated with approximately \$1.7 million in indebtedness under the 2017 Loan. Subject to the sale of at least \$1.0 million in Series E Shares, PFG agreed to waive all current defaults and cease applying the applicable default interest rate, returning to the stated non-default rate of 16%, and to lower the revenue and tangible net worth covenants for the remaining term of the loan. As consideration for the modifications, the Company reduced the exercise price of outstanding warrants previously granted to PFG pursuant to the 2014 Loan Agreement and Credit Line to purchase 260,000 shares of the Company's common stock from \$1.42 to \$0.25 per share and extended the exercisability of the warrants by one year to March 13, 2020.

The amendments to the 2017 Loan were recognized as a loan modification. The change in fair value of the warrants of \$43,700, resulting from the reduced strike price and extension of term, was recognized as a discount to the 2017 Loan and is being amortized to interest expense over the remaining term of the 2017 Loan.

The Company anticipates it will need to seek additional funds through the issuance of new debt, equity securities or product line sales in order to repay the 2017 Loan (including accrued interest and back end fees) in full upon maturity or otherwise enter into a refinancing agreement with PFG. However, there can be no assurances that such financings, re-financing or product line sales will be available at all, or on terms acceptable to the Company.

ITEM 4 MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 OTHER INFORMATION

None.

ITEM 6 – EXHIBITS

- 31.1 Certification of Co-Chief Executive Officers pursuant to Section 302 of Sarbanes-Oxley Act.
- 31.2 Certification of Principal Accounting & Financial Officer pursuant to Section 302 of Sarbanes-Oxley Act.
- 32.1 Certification of Co-Chief Executive Officers pursuant to Section 906 of Sarbanes-Oxley Act.
- 32.1 Certification of Principal Accounting & Financial Officer pursuant to Section 906 of Sarbanes-Oxley Act.
- 101.INS** XBRL Instance
- 101.SCH** XBRL Taxonomy Extension Schema
- 101.CAL** XBRL Taxonomy Extension Calculation
- 101.DEF** XBRL Taxonomy Extension Definition
- 101.LAB** XBRL Taxonomy Extension Labels
- 101.PRE** XBRL Taxonomy Extension Presentation

26

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GIGA-TRONICS INCORPORATED
(Registrant)

By:

Date: August 14, 2018 /s/ John R. Regazzi
John R. Regazzi
Chief Executive Officer
(Principal Executive Officer)

Date: August 14, 2018 /s/ Lutz P. Henckels
Lutz P. Henckels
Acting Chief Financial Officer
Principal Accounting & Officer