

AIRGAS INC  
Form 11-K  
June 25, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 11-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the year ended December 31, 2007**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission file numbers: 33-25419, 33-64058 and 333-75256**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**Airgas, Inc. 401(k) Plan**

B. Name of the issuer of the securities held pursuant to the plan and the address of its principal executive office:

Airgas, Inc.

259 North Radnor-Chester Road, Suite 100

Radnor, PA 19087-5283

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REQUIRED INFORMATION

(1) Financial Statements:

The following financial statements, including the Report of Independent Registered Public Accounting Firm, of the Airgas, Inc. 401(k) Plan, are submitted herewith:

Statements of Net Assets Available for Benefits as of December 31, 2007 and 2006

Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2007 and 2006

Notes to Financial Statements

Supplemental Schedule 1 Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2007

Supplemental Schedule 2 Schedule H, Line 4j Schedule of Reportable Transactions for the year ended December 31, 2007

The schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are included in the aforementioned financial statements of the Airgas, Inc. 401(k) Plan.

(2) Exhibits:

23 Consent of Independent Registered Public Accounting Firm

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**AIRGAS, INC. 401(k) PLAN**  
Financial Statements and  
Supplemental Schedules  
December 31, 2007 and 2006

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**AIRGAS, INC. 401(k) PLAN**  
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**Report of Independent Registered Public Accounting Firm**

To Participants and Administrator of the Airgas, Inc. 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of the Airgas, Inc. 401(k) Plan (the Plan ) as of December 31, 2007 and 2006, and the related statement of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2007 and 2006, and the changes in net assets available for benefits for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of Schedule H, Line 4i Schedule of Assets (Held at End of Year) as of December 31, 2007 and Schedule H, Line 4j Schedule of Reportable Transactions for the year ended December 31, 2007 are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ KPMG LLP

Philadelphia, Pennsylvania

June 24, 2008

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**AIRGAS, INC. 401(k) PLAN**  
Statements of Net Assets Available for Benefits  
December 31, 2007 and 2006

	<b>2007</b>	<b>2006</b>
Investments, at fair value	\$ 378,503,934	\$ 307,497,249
Receivables:		
Employee contributions	1,103,289	858,093
Employer contributions	289,942	232,102
Total receivables	1,393,231	1,090,195
Participant loans receivable	11,737,344	9,801,704
Net assets available for benefits	\$ 391,634,509	\$ 318,389,148

See accompanying notes to financial statements.

**AIRGAS, INC. 401(k) PLAN**  
**Statements of Changes in Net Assets Available for Benefits**  
**Years ended December 31, 2007 and 2006**

	<b>2007</b>	<b>2006</b>
Additions:		
Additions to net assets attributable to:		
Investment income:		
Net appreciation in fair value of investments	\$ 27,734,269	\$ 27,268,067
Interest and dividends	14,430,353	11,018,797
Total investment income, net	42,164,622	38,286,864
Contributions:		
Employee	25,303,750	20,290,964
Employer	6,361,518	5,436,090
Rollovers	22,528,388	6,339,987
Total contributions	54,193,656	32,067,041
Deductions:		
Benefits paid to participants	(22,784,433)	(23,058,724)
Administrative fees	(328,484)	(306,628)
Total deductions	(23,112,917)	(23,365,352)
Net additions	73,245,361	46,988,553
Net assets available for benefits:		
Beginning of year	318,389,148	271,400,595
End of year	\$ 391,634,509	\$ 318,389,148

See accompanying notes to financial statements.

**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2007 and 2006

**(1) Description of the Plan**

The following description of the Airgas, Inc. 401(k) Plan (the Plan ) provides general information only. Participants should refer to the Plan document for more complete information.

**(a) General**

The Plan is a defined contribution plan covering substantially all employees of Airgas, Inc. and subsidiaries (the Company ). Included in the assets of the Plan are contribution rollovers from benefit plans of acquired companies, where applicable. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ( ERISA ). The Vanguard Fiduciary Trust Company serves as the trustee for the Plan.

**(b) Contributions**

*Employee*

The Plan permits a participant to defer up to 50% of eligible compensation, subject to the maximum dollar limitation in the calendar year as prescribed by the Internal Revenue Service ( IRS ). The Plan previously only allowed 401(k) contributions which are made from pre-tax contributions and are fully taxable as ordinary income at the time of distribution. Effective April 1, 2007, the Plan also allows participants to make Roth 401(k) contributions. Under the Roth 401(k) contribution election, participants' contributions are made from after-tax contributions that will be tax-free at the time of distribution. Participants are allowed to elect both 401(k) and Roth 401(k) contributions into the Plan.

The employee contribution receivables at December 31, 2007 and 2006 represent payroll withholdings withheld through the end of each calendar year, which were received by the Plan in the subsequent year.

Contributions in 2007 and 2006 reflect approximately \$22.5 million and \$6.3 million, respectively, of rollover contributions from employees associated with companies acquired by the Company.

*Employer*

Contributions to the Plan by the Company are made on a matched basis at a rate of 50% of participant deferred compensation. The employer match is applied on employee contributions of up to 4% of eligible compensation (i.e., maximum employer match is 2% of eligible compensation). Although employees may participate in the Plan immediately upon joining the Company, Plan participants are not eligible for Company matching contributions until they have completed one year of service with the Company. The employer contribution receivables at December 31, 2007 and 2006 represent Company matching contributions through the end of each calendar year, which were received by the Plan in the subsequent year.



**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2007 and 2006

*Refund of Excess Contributions*

In accordance with rules prescribed by the Internal Revenue Code ( IRC ), the trustee performed certain tests of employee contributions to ensure that highly compensated employees do not contribute on average a higher percentage of their income than the non-highly compensated employees. No refunds were required in the current year as a result of the compliance testing.

**(c) Participant Accounts**

Contributions are invested as directed by each participant in 14 separate investment funds. Each participant may designate, by electronic monitoring, how the contributions to his or her account are to be allocated among the 14 funds. Participants are required to allocate contributions to the funds in increments of 1% of total contributions. In the event a participant fails to submit an allocation, contributions will be invested in the Vanguard Retirement Savings Trust fund. In addition to the above initial election, participants may elect, by contacting the trustee, to transfer monies among the investment funds in 1% increments of the total funds credited to their account. Interest, dividends and other income (losses) earned by the investment funds, net of administrative fees, are reinvested in the same fund. Such amounts are allocated to participants based upon the proportion of a participant's balance to the total fund balance.

**(d) Participant Loans**

The Plan administrator may, upon the application of a participant, direct the trustee to make a loan to such a participant. The maximum the participant may borrow is limited to the lesser of 50% of the participant's Plan account balance or \$50,000. The minimum loan amount is \$1,000 and loans are secured by 50% of the participant's Plan account balance. Participant loans bear interest at a rate equal to prime (as of the date of the loan) plus 2% and provide for periodic repayment over a reasonable period of time not to exceed five years for general-purpose loans and 30 years for principal residence loans. The prime rate was 7.25% and 8.25% at December 31, 2007 and 2006, respectively. Interest rates on outstanding participant loans ranged from 4.0% to 11.0%.

When a participant defaults on a loan obtained from the Plan, the Plan administrator will report the amount of default to the Internal Revenue Service as a distribution from the Plan. The Plan participant may then be subject to taxes and penalties related to the distribution.

**(e) Vesting**

Participants are immediately vested in all contributions. In addition, all earnings (losses) on such investments are fully vested.

**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2007 and 2006

**(f) *Payment of Benefits***

Upon retirement, death or termination of service, participants or beneficiaries are entitled to a distribution equal to the total value of their accounts. Such distributions are generally payable in cash.

Participants experiencing serious financial hardships may be entitled to a distribution upon approval by the Plan administrator.

**(g) *Administrative Expenses***

All administrative expenses have been paid by the Plan.

**(2) *Summary of Significant Accounting Policies***

**(a) *Basis of Accounting***

The accompanying financial statements of the Plan have been prepared on the accrual basis of accounting and present net assets available for benefits and changes in those net assets.

**(b) *New Accounting Pronouncements***

In September 2006, the Financial Accounting Standards Board ( FASB ) issued Statement of Financial Accounting Standards ( SFAS ) No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS 157 is effective for accounting periods beginning after November 15, 2007. The Company is currently evaluating the impact, if any, that the adoption of SFAS 157 will have on the Plan s 2008 financial statements.

The Plan adopted FASB Staff Position AAG INV-1 and Statement of Position 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans*, as of December 31, 2006, which was applied retroactively. There was no material effect on the financial statements of the Plan for the years ended December 31, 2007 and 2006.

**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2007 and 2006

**(c) Investments**

Investments in the Airgas Common Stock Fund are valued at market value based upon closing market prices at the Plan year-end. The fair values of the Vanguard funds are based on the net asset values per share at year-end.

Purchases and sales of investments are recorded on a trade-date basis. The average cost method is followed in determining the cost of investments sold. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income.

Investment options as of December 31, 2007 and 2006 were as follows:

The *Airgas Common Stock Fund* invests in Airgas, Inc. common stock to provide the possibility of long-term growth through increases in the value of the stock. The stock value per share was \$52.11 and \$40.52 at December 31, 2007 and 2006, respectively. At December 31, 2007, 3,666 Plan participants were invested in the fund.

The *Vanguard Explorer Fund* seeks to provide long-term growth of capital by investing in a diversified group of small-company stocks with prospects for above-average growth. The value per share was \$71.19 and \$74.71 at December 31, 2007 and 2006, respectively. At December 31, 2007, 2,406 Plan participants were invested in the fund.

The *Vanguard International Growth Fund* seeks to provide long-term growth of capital by investing in stock of high-quality, seasoned companies based outside the United States. Stocks are selected from more than 15 countries. The value per share was \$24.82 and \$23.86 at December 31, 2007 and 2006, respectively. At December 31, 2007, 2,897 Plan participants were invested in the fund.

The *Vanguard U.S. Growth Fund* seeks to provide long-term growth of capital by investing in large, high-quality, seasoned U.S. companies with records of exceptional growth and above-average prospects for future growth. The value per share was \$19.91 and \$18.18 at December 31, 2007 and 2006, respectively. At December 31, 2007, 2,566 Plan participants were invested in the fund.

**AIRGAS, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2007 and 2006

The *Vanguard 500 Index Fund* seeks to provide long-term growth of capital and income from dividends by holding each of the 500 stocks that make up the unmanaged Standard & Poor's 500 Composite Stock Price Index, a widely recognized benchmark of U.S. market performance. The value per share was \$135.15 and \$130.59 at December 31, 2007 and 2006, respectively. At December 31, 2007, 3,288 Plan participants were invested in the fund.

The *Vanguard Wellington Fund* seeks to provide income and long-term growth of capital, without undue risk to capital, by investing approximately 65% of its assets in stocks and the remaining 35% in bonds. The value per share was \$32.62 and \$32.43 at December 31, 2007 and 2006, respectively. At December 31, 2007, 2,984 Plan participants were invested in the fund.

The *Vanguard Morgan Growth Fund Investor Shares* seeks long-term capital appreciation by investing in mid-sized and large companies that are expected to have above average growth in sales and profits. The value per share was \$19.54 and \$18.99 at December 31, 2007 and 2006, respectively. At December 31, 2007, 591 Plan participants were invested in the fund.

The *Vanguard Windsor II Fund Investor Shares* seeks to provide long-term capital appreciation and income by investing mainly in mid-sized and large companies whose stocks are considered by the fund's advisor to be undervalued. The value per share was \$31.26 and \$34.75 at December 31, 2007 and 2006, respectively. At December 31, 2007, 852 Plan participants were invested in the fund.

The *Vanguard LifeStrategy Growth Fund* seeks to provide long-term growth of capital and income by investing in four Vanguard funds: a domestic stock fund, an international stock fund, a bond fund and an asset allocation fund. The portfolio's asset allocation ranges are expected to be 65% to 90% stocks, 10% to 35% bonds and 0% to 25% cash investments. The value per share was \$25.07 and \$23.87 at December 31, 2007 and 2006, respectively. At December 31, 2007, 2,117 Plan participants were invested in the fund.

The *Vanguard LifeStrategy Moderate Growth Fund* seeks to provide income and long-term growth of capital and income by investing in four Vanguard funds: a domestic stock fund, an international stock fund, a bond fund and an asset allocation fund. The portfolio's asset allocation ranges are expected to be 45% to 70% stocks, 30% to 55% bonds and 0% to 25% cash investments. The value per share was \$21.21 and \$20.36 at December 31, 2007 and 2006, respectively. At December 31, 2007, 1,688 Plan participants were invested in the fund.

**AIRGAS, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2007 and 2006

The *Vanguard LifeStrategy Conservative Growth Fund* seeks to provide income and moderate long-term growth of capital and income by investing in five Vanguard funds: a domestic stock fund, international stock fund, two bond funds and an asset allocation fund. The portfolio's asset allocation ranges are expected to be 25% to 50% stocks, 50% to 75% bonds and 0% to 25% cash investments. The value per share was \$17.14 and \$16.59 at December 31, 2007 and 2006, respectively. At December 31, 2007, 2,336 Plan participants were invested in the fund.

The *Vanguard LifeStrategy Income Fund* seeks to provide a high level of income by investing in four Vanguard funds: a stock fund, two bond funds and an asset allocation fund. The portfolio's asset allocation ranges are expected to be 5% to 30% stocks, 70% to 95% bonds and 0% to 25% cash investments. The value per share was \$14.24 and \$13.93 at December 31, 2007 and 2006, respectively. At December 31, 2007, 862 Plan participants were invested in the fund.

The *Vanguard Total Bond Market Index Fund* seeks to provide a high level of interest income by attempting to match the performance of the unmanaged Lehman Brothers Aggregate Bond Index, a widely recognized measure of the entire taxable U.S. bond market. The value per share was \$10.16 and \$9.99 at December 31, 2007 and 2006, respectively. At December 31, 2007, 1,935 Plan participants were invested in the fund.

The *Vanguard Retirement Savings Trust* seeks stability of principal and a high level of current income consistent with a two-year to three-year average maturity. The trust is a tax-exempt collective trust invested primarily in investment contracts issued by insurance companies and commercial banks, and similar types of fixed-principal investments. The trust intends to maintain a constant net asset value of \$1.00 per share. The principal and interest of these contracts are not guaranteed. At December 31, 2007, 3,559 Plan participants were invested in the trust.

**(d) Use of Estimates**

The preparation of the financial statements in accordance with U.S. generally accepted accounting principles requires the Plan administrator to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts included in the statement of changes in net assets available for benefits. Actual results could differ from those estimates.

**(e) Risks and Uncertainties**

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2007 and 2006

**(3) Investments**

The following investments represent 5% or more of the net assets available for benefits at December 31, 2007 and 2006:

	<b>2007</b>	<b>2006</b>
Airgas Common Stock Fund	\$ 104,960,058	\$ 83,892,206
Vanguard U.S. Growth Fund	27,031,088	24,729,997
Vanguard 500 Index Fund	37,921,287	32,299,385
Vanguard Wellington Fund	44,516,919	38,549,984
Vanguard Retirement Savings Trust	45,558,872	39,731,165
Vanguard Explorer Fund	20,564,623	18,705,707
Vanguard LifeStrategy Growth Fund	21,755,573	17,698,156
Vanguard International Growth Fund	24,470,993	16,904,339

During the years ended December 31, 2007 and 2006, the net appreciation in the fair value of investments (including realized gains and losses) was as follows:

	<b>2007</b>	<b>2006</b>
Airgas Common Stock Fund	\$ 23,548,304	\$ 16,083,544
Mutual Funds	4,185,965	11,184,523
Net appreciation in fair value of investments	\$ 27,734,269	\$ 27,268,067

**(4) Tax Status**

The Plan document has been restated for recent law changes. The Plan sponsor adopted the restated version of a volume submitter plan as of January 1, 2007. In prior years, the Plan was filed as non-standardized prototype plan document. The Internal Revenue Service has determined and informed the volume submitter Plan sponsor, by a letter dated September 4, 2001, that the Plan and related trust are designed in accordance with applicable sections of the IRC. The Internal Revenue Service determined that the Plan is qualified under IRC Section 401, by a letter dated December 31, 2002.

The Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

**AIRGAS, INC. 401(k) PLAN**

Notes to Financial Statements

December 31, 2007 and 2006

**(5) Related Party Transactions**

The Plan investments are managed by an affiliate of Vanguard Fiduciary Trust Company, who acts as trustee for the Plan. The *Airgas Common Stock Fund* invests in common stock of the Company. Investment transactions of the Plan, therefore, qualify as party-in-interest transactions, but are not prohibited transactions.

**(6) Plan Termination**

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. Upon termination of the Plan, participants would remain fully vested in all amounts credited to their accounts under the Plan.

**(7) Defaulted Loans**

During the year ended December 31, 2007, there were 221 participants who were in default of their loans, 20 of which were active employees. Loans in the amount of \$1,100,999 were in default and were included in participant loans as of December 31, 2007.

During the year ended December 31, 2006, there were 154 participants who were in default of their loans, six of which were active employees. Loans in the amount of \$674,567 were in default and were included in participant loans as of December 31, 2006.

Subsequent to a remedy period that provides for the repayment of defaulted loans, uncollectible defaulted loans are treated as taxable distributions from the Plan to the respective participants.

**(8) Acquisitions**

From time to time, the Company acquires other businesses, whose employees are eligible for participation in the Plan in accordance with the Plan document.

**AIRGAS, INC. 401(k) PLAN**  
 Schedule H, Line 4i Schedule of Assets (Held at End of Year)  
 December 31, 2007

Number of Shares	Investments *	Fair Value
	Common stock:	
4,068,219	Airgas Common Stock Fund	\$ 104,960,058
	Mutual funds:	
1,364,712	Vanguard Wellington Fund	44,516,919
280,587	Vanguard 500 Index Fund	37,921,287
1,357,664	Vanguard U.S. Growth Fund	27,031,088
288,870	Vanguard Explorer Fund	20,564,623
867,793	Vanguard LifeStrategy Growth Fund	21,755,573
985,938	Vanguard International Growth Fund	24,470,993
736,780	Vanguard LifeStrategy Moderate Growth Fund	15,627,093
1,360,120	Vanguard Total Bond Market Index Fund	13,818,821
556,652	Vanguard LifeStrategy Conservative Growth Fund	9,541,021
322,885	Vanguard LifeStrategy Income Fund	4,597,879
176,480	Vanguard Windsor II Fund Investor Shares	5,516,772
134,234	Vanguard Morgan Growth Fund Investor Shares	2,622,935
45,558,872	Vanguard Retirement Savings Trust, 4.32%	45,558,872
	Participant loans receivable, interest rates ranging from 4.0% to 11.0%	11,737,344
	Total assets held for investment purposes	\$ 390,241,278

\* All investment transactions of the Plan qualify as party-in-interest transactions.

See accompanying Report of Independent Registered Public Accounting Firm.



**AIRGAS, INC. 401(k) PLAN**  
 Schedule H, Line 4j Schedule of Reportable Transactions  
 For the year ended December 31, 2007

Identity of Party Involved*	Description of Asset (include interest rate and maturity in the case of a loan)	Purchase Price	Selling Price	Historical Cost of Asset	Current Value of Asset on Transaction Date	Historical Gain (Loss)
Vanguard	Vanguard Retirement Savings Trust	\$16,188,260			\$16,188,260	
Vanguard	Vanguard Retirement Savings Trust		\$10,355,496	\$10,355,496	\$10,355,496	\$
Vanguard	Airgas Common Stock Fund	\$11,494,223			\$11,494,223	
Vanguard	Airgas Common Stock Fund		\$14,025,017	\$ 7,066,295	\$14,025,017	\$ 6,958,722

\* Party-in-interest transaction

See accompanying Report of Independent Registered Public Accounting Firm.

SIGNATURES

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

AIRGAS, INC. 401(k) PLAN  
(Name of Plan)

BY: /s/ Robert M. McLaughlin  
Robert M. McLaughlin  
Senior Vice President and Chief  
Financial Officer

BY: /s/ Dwight T. Wilson  
Dwight T. Wilson  
Senior Vice President Human  
Resources

DATED: June 24, 2008