

AIRGAS INC  
Form 11-K  
June 27, 2006

**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, 2005**

**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, 2005 and 2004

Statements of Changes in Net Assets Available for Benefits for the years ended December 31, 2005 and 2004

Notes to Financial Statements

Schedule 1 Supplemental Schedule of Assets (Held at End of Year) as of December 31, 2005

The schedule for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission is 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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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/ Roger F. Millay

Roger F. Millay  
Senior Vice President and  
Chief Financial Officer

BY: /s/ Dwight T. Wilson

Dwight T. Wilson  
Senior Vice President Human  
Resources

DATED: June 26, 2006

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**AIRGAS, INC. 401(k) PLAN**  
Financial Statements and  
Supplemental Schedule  
December 31, 2005 and 2004

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

The Plan Administrator  
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, 2005 and 2004, and the related statements 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 Airgas, Inc. 401(k) Plan at December 31, 2005 and 2004, 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 schedule of assets (held at end of year) as of December 31, 2005, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is 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*. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/S/ KPMG LLP  
Philadelphia, Pennsylvania  
May 26, 2006

**AIRGAS, INC. 401(k) PLAN**  
 Statements of Net Assets Available for Benefits  
 December 31, 2005 and 2004

	<b>2005</b>	<b>2004</b>
Investments, at fair value	\$ 260,784,432	\$ 222,761,217
Receivables:		
Employee contributions	1,792,281	1,606,634
Employer contributions	507,983	447,877
Total receivables	2,300,264	2,054,511
Participant loans receivable	8,560,147	8,023,928
Liabilities:		
Refunds due to Participants	244,248	
Net assets available for benefits	\$ 271,400,595	\$ 232,839,656

See accompanying notes to financial statements.



**AIRGAS, INC. 401(k) PLAN**  
**Statements of Changes in Net Assets Available for Benefits**  
**Years ended December 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
Additions:		
Additions to net assets attributable to:		
Investment income:		
Net appreciation in fair value of investments	\$ 19,057,546	\$ 20,003,994
Interest and dividends	7,399,985	4,941,220
<b>Total investment income, net</b>	<b>26,457,531</b>	<b>24,945,214</b>
Contributions:		
Employee	18,426,261	16,006,470
Employer	5,010,708	4,468,971
Rollovers and other	7,249,258	9,522,800
<b>Total contributions</b>	<b>30,686,227</b>	<b>29,998,241</b>
Deductions:		
Benefits paid to participants	(18,049,049)	(13,962,743)
Administrative fees	(289,522)	(295,125)
Refund of excess contributions	(244,248)	
<b>Total deductions</b>	<b>(18,582,819)</b>	<b>(14,257,868)</b>
<b>Net additions</b>	<b>38,560,939</b>	<b>40,685,587</b>
Net assets available for benefits:		
Beginning of year	232,839,656	192,154,069
<b>End of year</b>	<b>\$ 271,400,595</b>	<b>\$ 232,839,656</b>

See accompanying notes to financial statements

**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2005 and 2004

**(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 no event will individual participant contributions exceed the maximum allowable contributions as prescribed by the Internal Revenue Service ( *IRS* ), which were \$14,000 and \$13,000 for the years ended December 31, 2005 and 2004, respectively. The amount of deferred compensation is treated as a salary reduction and is not subject to federal income tax until withdrawn from the Plan. The employee contribution receivables at December 31, 2005 and 2004 represent payroll withholdings withheld through the end of each calendar year, which were received by the Plan in the subsequent year.

Contributions in 2005 and 2004 reflect approximately \$7.2 million and \$9.5 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, 2005 and 2004 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, 2005 and 2004

*Refund of Excess Contributions*

In accordance with rules prescribed by the Internal Revenue code, 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. As a result of these tests, the Plan was required to refund excess contributions to certain highly compensated employees. The refunds were distributed during calendar year 2006.

**(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 Retirement Savings Trust. In addition to the above initial election, participants may elect, by calling 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 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 5.25% at December 31, 2005 and 2004, respectively. Interest rates on outstanding Participant loans ranged from 6.0% to 12.0%.

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, 2005 and 2004

**(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) *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.

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

Notes to Financial Statements

December 31, 2005 and 2004

Investment options as of December 31, 2005 and 2004, 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 \$32.90 and \$26.51 at December 31, 2005 and 2004, respectively. At December 31, 2005, 3,199 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 prospect for above-average growth. The value per share was \$75.11 and \$74.57 at December 31, 2005 and 2004, respectively. At December 31, 2005, 2,039 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 \$21.00 and \$18.86 at December 31, 2005 and 2004, respectively. At December 31, 2005, 1,882 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 \$17.95 and \$16.18 at December 31, 2005 and 2004, respectively. At December 31, 2005, 2,742 Plan participants were invested in the fund.

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 \$114.92 and \$111.64 at December 31, 2005 and 2004, respectively. At December 31, 2005, 2,877 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 \$30.35 and \$30.19 at December 31, 2005 and 2004, respectively. At December 31, 2005, 2,644 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 profit. The value per share was \$17.71 at December 31, 2005. At December 31, 2005, 25 Plan participants were invested in the fund.

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

Notes to Financial Statements

December 31, 2005 and 2004

*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 \$31.33 at December 31, 2005. At December 31, 2005, 61 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 \$21.00 and \$20.04 at December 31, 2005 and 2004, respectively. At December 31, 2005, 1,639 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 \$18.47 and \$17.91 at December 31, 2005 and 2004, respectively. At December 31, 2005, 1,377 Plan participants were invested in the fund.

*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 \$15.49 and \$15.26 at December 31, 2005 and 2004, respectively. At December 31, 2005, 825 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 \$13.49 and \$13.53 at December 31, 2005 and 2004, respectively. At December 31, 2005, 681 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 \$10.06 and \$10.27 at December 31, 2005 and 2004, respectively. At December 31, 2005, 1,552 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, 2005, 3,539 Plan participants were invested in the trust.

**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2005 and 2004

**(c) 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 Plan benefits. Actual results could differ from those estimates.

**(d) 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.

**(3) Investments**

The following investments represent 5% or more of the net assets available for benefits at December 31, 2005 and 2004:

	<b>2005</b>	<b>2004</b>
Airgas Common Stock Fund	\$ 71,429,794	\$ 58,822,288
Vanguard U.S. Growth Fund	25,736,278	23,014,885
Vanguard 500 Index Fund	27,049,503	23,256,738
Vanguard Wellington Fund	32,737,674	29,079,366
Vanguard Retirement Savings Trust	36,673,077	34,289,284
Vanguard Explorer Fund	16,182,568	13,538,653
Vanguard LifeStrategy Growth Fund	13,613,993	11,202,838(1)

- (1) The investment balance in the Vanguard LifeStrategy Growth Fund at December 31, 2004 was less than 5% of net assets available for benefits. The amount is provided for comparability.

During the years ended December 31, 2005 and 2004, the net appreciation in the fair value of investments (including realized gains and losses) was as follows:

	<b>2005</b>	<b>2004</b>
Airgas Common Stock Fund	\$ 13,844,350	\$ 11,244,951

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Mutual Funds	5,213,196	8,759,043
Net appreciation in fair value of investments	\$ 19,057,546	\$ 20,003,994



**AIRGAS, INC. 401(k) PLAN**  
Notes to Financial Statements  
December 31, 2005 and 2004

**(4) Tax Status**

The IRS has determined and informed the Company by a letter dated December 31, 2002, that the Plan is designed in accordance with applicable sections of the *Internal Revenue Code* and is therefore exempt from federal income taxes. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the *Internal Revenue Code* and continues to be exempt from federal income taxes.

**(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, 2005, there were 187 participants who were in default of their loans, 6 of which were active employees. Loans in the amount of \$748,375 were in default and were included in participant loans as of December 31, 2005.

During the year ended December 31, 2004, there were 163 participants who were in default of their loans, 21 of which were active employees. Loans in the amount of \$525,813 were in default and were included in participant loans as of December 31, 2004.

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.

## Schedule 1

**AIRGAS, INC. 401(k) PLAN**  
 Supplemental Schedule of Assets (Held at End of Year)  
 December 31, 2005

Number of Shares	Investments *	Fair Value
	Common stock:	
2,171,118	Airgas Common Stock Fund	\$ 71,429,794
	Mutual funds:	
1,078,671	Vanguard Wellington Fund	32,737,674
235,376	Vanguard 500 Index Fund	27,049,503
1,433,775	Vanguard U.S. Growth Fund	25,736,278
215,451	Vanguard Explorer Fund	16,182,568
648,285	Vanguard LifeStrategy Growth Fund	13,613,993
512,438	Vanguard International Growth Fund	10,761,204
518,455	Vanguard LifeStrategy Moderate Growth Fund	9,575,880
760,947	Vanguard Total Bond Market Index Fund	7,655,132
343,468	Vanguard LifeStrategy Conservative Growth Fund	5,320,332
235,142	Vanguard LifeStrategy Income Fund	3,172,072
18,581	Vanguard Windson II Fund Investor Shares	582,164
16,643	Vanguard Morgan Growth Fund Investor Shares	294,761
36,673,077	Vanguard Retirement Savings Trust, 4.05%	36,673,077
	Employee loans, interest rates ranging from 6.0% to 12.0%	8,560,147
	Total assets held for investment purposes	\$ 269,344,579

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

See accompanying Report of Independent Registered Public Accounting Firm.