

## **AIRGAS, INC.**

### **GOVERNANCE AND COMPENSATION COMMITTEE CHARTER**

#### **Purpose**

The purpose of the Governance and Compensation Committee is to (1) identify individuals qualified to become members of the Board, recommend individuals for nomination by the Board for election to the Board of Directors at the next annual meeting of stockholders and recommend individuals for election by the Board to fill vacancies in the Board of Directors; (2) oversee the annual self-assessment of the Board's performance; (3) develop and recommend to the Board the Corporate Governance Guidelines; (4) discharge the Board's responsibilities relating to compensation of the Company's executives and make recommendations to the Board with respect to the form and amount of director compensation; (5) oversee the development of senior executives and review the succession plans for such individuals; and (6) produce an annual report of the Committee for inclusion in the Company's proxy statement.

#### **Membership**

The Committee members and chair will be elected by the Board of Directors annually. The Committee shall consist of at least three members of the Board. Each member of the Governance and Compensation Committee shall be independent in accordance with the provisions of Rule 10C-1(b)(1) promulgated under the Securities Exchange Act of 1934 and the rules of the New York Stock Exchange, and meet the definition of "non-employee director" under Rule 16b-3 under the Securities Exchange Act of 1934, and "outside director" for purposes of Section 162(m) of the Internal Revenue Code of 1986. The members of the Governance and Compensation Committee shall serve until their successors are appointed and qualified. The Board shall have the power at any time to change the membership of the Governance and Compensation Committee and to fill vacancies in it, subject to such new member(s) satisfying the above requirements. Except as expressly provided in this Charter, the Bylaws of the Company or the Corporate Governance Guidelines of the Company, the Governance and Compensation Committee shall fix its own rules of procedure.

#### **Meetings**

The Governance and Compensation Committee will meet periodically, but not less frequently than four times per year. The Governance and Compensation Committee shall report to the Board at each Board meeting immediately following a meeting of the Governance and Compensation Committee.

#### **Authority and Responsibilities**

Authority and responsibilities of the Governance and Compensation Committee with respect to nominating and governance shall include:

- Developing qualifications for new Board members and interviewing and screening candidates for nomination to membership on the Board, recommending a slate of nominees to the Board for election as directors at the Company's annual meeting of stockholders, in accordance with the Corporate Governance Guidelines, and recommending individuals for election by the Board to fill vacancies in the Board of Directors;
- Having the sole authority to retain and terminate any search firm to be used to identify director candidates and having sole authority to approve the search firm's fees and other retention terms;
- Overseeing the annual self-assessment of the performance of the Board; reviewing the qualifications of incumbent directors and determining whether to recommend them for re-election to the Board in accordance with the Corporate Governance Guidelines;
- Reviewing and reassessing at least annually the adequacy of the Corporate Governance Guidelines of the Company and recommending any proposed changes to the Board for approval;
- Reviewing its own performance annually;
- Reviewing the Company's policies for director compensation and recommending director compensation programs in accordance with the Corporate Governance Guidelines and the charters of other committees of the Board;
- Reviewing and recommending assignments of Board members to committees of the Board; reviewing annually, or more often if appropriate, the directors who are members (including qualifications and requirements), structure (including authority to delegate) and performance of committees of the Board (including reporting to the Board), and making recommendations to the Board, as appropriate;
- Annually evaluating the performance of the Executive Chairman and the Chief Executive Officer (CEO), and overseeing the development of senior executives and reviewing succession plans for such individuals;
- Considering the qualifications of the persons recommended for election as directors by stockholders of the Company in accordance with procedures in the Company's Bylaws for stockholder proposals, the Corporate Governance Guidelines and applicable laws and regulations;
- Reviewing any stockholder proxy access proposals and making recommendations to the Board as to responses to such proposals;
- Developing and recommending to the Board a Code of Ethics, and considering requests for waivers from the Company's Code of Ethics. The Company shall make disclosure of

such waivers as required by applicable law and regulations and the rules of the New York Stock Exchange;

- Reviewing and recommending changes to Board policies and procedures and reviewing issues relating to corporate governance as they affect the organization, composition and activities of the Board and its committees; and
- Reviewing, at least on an annual basis, the quality of information furnished by management to the Board for Board meetings.

Authority and responsibilities of the Governance and Compensation Committee with respect to compensation shall include:

- At least annually, reviewing and approving corporate goals and objectives relevant to Executive Chairman and CEO compensation, evaluating the Executive Chairman's performance and the CEO's performance in light of those goals and objectives, and having the sole authority to determine the Executive Chairman's compensation level and the CEO's compensation level based on evaluations;
- In determining the long-term incentive component of Executive Chairman and CEO compensation, considering the Company's performance and relative shareholder return, the value of similar incentive awards to Executive Chairmen and CEOs at comparable companies, and the awards given to the Company's Executive Chairman and CEO in past years;
- Reviewing with the Executive Chairman and the CEO and making recommendations to the full Board with respect to, or, in order to satisfy the performance-based compensation requirements under Section 162(m) of the Internal Revenue Code of 1986, approving, performance or operating goals for participants in the Company's incentive plans;
- Reviewing and discussing with the Company's management the Compensation Discussion and Analysis (CD&A) required to be included in the Company's annual proxy statement or, if the Company does not file an annual proxy statement, in the Company's annual report on Form 10-K, and based on such review and discussion, determining whether or not to recommend to the Board that it be included in the proxy statement or Form 10-K;
- Producing the annual Report of the Governance and Compensation Committee in compliance with the rules and regulations of the Securities and Exchange Commission for inclusion, along with the CD&A, in the Company's proxy statement or Form 10-K;
- Having the sole authority to retain, provide oversight over and terminate the Committee's compensation consultants, legal counsel and other advisers to be used to assist the Committee in the execution of its duties and responsibilities, including the evaluation of director, Executive Chairman, CEO or senior executive compensation and having sole

authority to approve the consultant's, legal counsel's and adviser's fees and other retention terms;

- In retaining a compensation consultant, legal counsel or other adviser to advise the Committee, the Committee (except as described below) must take into consideration all factors relevant to that person's independence from management, including the following six factors set forth in Rule 10C-1 regarding independence assessments of compensation advisers, provided that the Committee is not precluded from selecting or receiving advice from compensation consultants that are not independent provided that the Committee has considered all relevant factors, including the following:
  - A. the provision of other services to the Company by the person that employs the compensation consultant, legal counsel or other adviser;
  - B. the amount of fees received from the Company by the person that employs the compensation consultant, legal counsel or other adviser, as a percentage of the total revenue of the person that employs the compensation consultant, legal counsel or other adviser;
  - C. the policies and procedures of the person that employs the compensation consultant, legal counsel or other adviser that are designed to prevent conflicts of interest;
  - D. any business or personal relationship of the compensation consultant, legal counsel or other adviser with a member of the Committee;
  - E. any stock of the Company owned by the compensation consultant, legal counsel or other adviser; and
  - F. any business or personal relationship of the compensation consultant, legal counsel, other adviser or the person employing the adviser with an executive officer of the Company;

provided, however, that the above assessment will not apply to (i) in-house legal counsel and (ii) any compensation consultant, legal counsel or other adviser whose role is limited to the following activities for which no disclosure would be required under Item 407(e)(3)(iii) of Regulation S-K: consulting on any broad-based plan that does not discriminate in scope, terms, or operation, in favor of executive officers or directors of the Company, and that is available generally to all salaried employees; or providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the compensation consultant, and about which the compensation consultant does not provide advice;

- Evaluating whether any compensation consultant retained or to be retained by the Committee has any conflict of interest in accordance with Item 407(e)(3) of Regulation S-K;
- Reviewing and approving compensation for Executive Officers and employees who report directly to the Executive Chairman or the CEO, in addition to that of the Executive Chairman and the CEO, taking into consideration the results of the most recent advisory say-on-pay vote of the stockholders;

- Reviewing and making recommendations to the Board regarding non-Executive Chairman and non-CEO compensation programs including equity-based and incentive compensation programs;
- Administering, approving and ratifying awards to Executive Officers and employees who report directly to the Executive Chairman or the CEO under incentive compensation and equity plans, including amendments to the awards made under any such plans, and reviewing and monitoring awards under such plans.
- Recommending to the full Board for its recommendation to the stockholders the frequency of advisory say-on-pay votes, taking into account the results of any prior stockholder votes;
- Reviewing the results of any advisory stockholder votes on executive compensation, including say-on-pay, frequency of say-on-pay and say on golden parachutes, and considering and recommending to the Board any changes to compensation policies or procedures as a result of such votes;
- Reviewing, approving and recommending to the Board for its approval, and enforcing a “clawback policy” in accordance with the Dodd-Frank Act and regulations promulgated thereunder; and
- At least annually, monitoring risks associated with the Company’s compensation practices and succession planning.

General authority and responsibilities of the Governance and Compensation Committee shall include:

- Making regular reports to the Board;
- Forming, and delegating authority to, subcommittees when appropriate; and
- Reviewing and reassessing the adequacy of this Charter annually and recommending any proposed changes to the Board for approval.
- The Committee will take such other action, within the scope of the foregoing, and will make reports and recommendations to the Board, as the Committee shall deem appropriate from time to time.