

AIRGAS INC
Form DEF 14A
July 01, 2015
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934**

(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Airgas, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Edgar Filing: AIRGAS INC - Form DEF 14A

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Table of Contents

Dear Stockholder:

We are pleased to invite you to attend Airgas' Annual Meeting of Stockholders, which will be held at 11:00 a.m., Eastern Time, on August 4, 2015, at the Franklin Institute, Laureates Conference Center, 222 N. 20th Street, Philadelphia, Pennsylvania 19103. Details regarding admission to the meeting and the business to be conducted are more fully described in the accompanying Notice of Annual Meeting and Proxy Statement.

The accompanying Notice of Annual Meeting and Proxy Statement describe the matters to be acted upon at the Annual Meeting. Your attendance at our Annual Meeting is important, regardless of the number of shares you hold.

Stockholders of record at the close of business on June 19, 2015 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments thereof.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote on the Internet, by telephone, or by completing and mailing the enclosed proxy card. Information about each of these voting methods is set forth in the accompanying Notice of Annual Meeting and Proxy Statement.

On behalf of everyone at Airgas, we thank you for your ongoing interest and investment in our company.

Sincerely,

Peter McCausland
Executive Chairman

THIS PROXY STATEMENT AND PROXY CARD ARE

BEING DISTRIBUTED ON OR ABOUT JULY 1, 2015.

Table of Contents

AIRGAS, INC.

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

August 4, 2015

TO OUR STOCKHOLDERS:

The Annual Meeting of Stockholders of Airgas, Inc., a Delaware corporation, will be held on August 4, 2015, at 11:00 a.m., Eastern Time, at the Franklin Institute, Laureates Conference Center, 222 N. 20th Street, Philadelphia, Pennsylvania 19103, for considering and acting upon the following proposals:

1. Election of four directors of the company.
2. Ratification of the selection of KPMG LLP as Airgas independent registered public accounting firm for the fiscal year ending March 31, 2016.
3. Advisory vote to approve Airgas executive compensation.
4. Transaction of such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Stockholders of record at the close of business on June 19, 2015 are entitled to notice of, and to vote at, the Annual Meeting and any adjournments or postponements thereof.

Our 2015 Annual Report, which is not part of the proxy solicitation materials, is enclosed.

All stockholders as of the close of business on the record date are cordially invited to attend the Annual Meeting in person, but whether or not you plan to attend, we urge you to review these materials carefully and to vote by Internet, telephone or by submitting your proxy card as promptly as possible.

By Order of the Board of Directors,
Robert H. Young, Jr.
Senior Vice President, General Counsel and Secretary

Radnor, Pennsylvania

July 1, 2015

(i)

Table of Contents

TABLE OF CONTENTS

	Page
<u>NOTICE OF ANNUAL MEETING OF STOCKHOLDERS</u>	i
<u>PROXY STATEMENT</u>	1
<u>ANNUAL MEETING PROCEDURES</u>	2
<u>GOVERNANCE OF THE COMPANY</u>	5
<u>ELECTION OF DIRECTORS (PROPOSAL 1)</u>	11
<u>COMPENSATION OF DIRECTORS</u>	20
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	22
<u>REPORT OF THE GOVERNANCE AND COMPENSATION COMMITTEE</u>	37
<u>EXECUTIVE COMPENSATION</u>	38
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	47
<u>SECURITY OWNERSHIP</u>	48
<u>SECTION 16(a) REPORTING COMPLIANCE</u>	50
<u>REPORT OF THE AUDIT COMMITTEE</u>	51
<u>PROPOSAL TO RATIFY INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM (PROPOSAL 2)</u>	52
<u>ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION (PROPOSAL 3)</u>	54
<u>STOCKHOLDER PROPOSALS FOR NEXT ANNUAL MEETING</u>	55
<u>APPENDIX A</u>	A-1

Table of Contents

AIRGAS, INC.

Radnor Court

259 North Radnor-Chester Road, Suite 100

Radnor, Pennsylvania 19087-5283

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation of proxies at the direction of the Board of Directors of Airgas, Inc. for use at the Annual Meeting of Stockholders to be held on August 4, 2015.

Stockholders of record at the close of business on June 19, 2015 will be entitled to vote at the Annual Meeting. At the close of business on June 19, 2015, 74,615,803 shares of our \$0.01 par value common stock were outstanding and entitled to vote. Stockholders are entitled to one vote for each share of common stock held.

* * *

Important Notice Regarding the Availability of Proxy Materials

for the Annual Meeting of Stockholders to be held on August 4, 2015

Each of the Notice of Annual Meeting, this proxy statement and our Annual Report for the fiscal year ended March 31, 2015 is available at <https://www.proxyvote.com>.

Rules adopted by the Securities and Exchange Commission, or SEC, allow companies to send stockholders a notice of Internet availability of proxy materials, rather than mail them full sets of proxy materials. This year, we chose to mail full packages of materials to stockholders. However, in the future we may take advantage of the notice and access distribution option. If, in the future, we choose to send such notices, they will contain instructions on how stockholders can access our notice of meeting and proxy statement via the Internet. It will also contain instructions on how stockholders can request to receive their materials electronically or in printed form on a one-time or ongoing basis.

Table of Contents

ANNUAL MEETING PROCEDURES

Annual Meeting Admission

Only Airgas stockholders may attend the Annual Meeting. Proof of ownership of Airgas common stock, along with personal identification (such as a driver's license or passport), must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record and you plan to attend the Annual Meeting in person, you must bring a brokerage statement or other proof of ownership to be admitted to the Annual Meeting. No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

Voting Procedures

Registered Stockholders

Registered stockholders (stockholders who own Airgas shares in their own names on the books of our transfer agent) may vote their shares or submit a proxy to have their shares voted by one of the following methods:

By Telephone. You may submit a proxy by telephone (from the U.S. and Canada only) using the toll-free number listed on the proxy card. Please have your proxy card in hand when you call.

By Internet. You may submit a proxy electronically on the Internet by following the instructions provided on your proxy card.

By Mail. You may indicate your vote by completing, signing and dating your proxy card and returning it in the business reply envelope.

In Person. You may vote in person at the Annual Meeting by completing a ballot; however, attending the Annual Meeting without completing a ballot will not count as a vote.

Street-name Stockholders

Street-name stockholders (stockholders who own shares beneficially in the name of a bank, broker or other holder of record on the books of our transfer agent) may generally vote their shares or submit a proxy to have their shares voted by one of the following methods:

By telephone or by Internet, as indicated on your Voting Instruction Form. Please refer to your Voting Instruction Form or other information forwarded by your bank, broker or other holder of record to determine whether you may submit a proxy electronically on the Internet or by telephone, following the instructions on the Voting Instruction Form or other information provided by the record holder.

By Mail. You may indicate your vote by completing, signing and dating your Voting Instruction Form and returning it in the business reply envelope.

In Person with a Proxy from the Record Holder. A street-name stockholder who wishes to vote in person at the Annual Meeting will need to obtain a legal proxy from its bank, broker or other holder of record. Please consult the Voting Instruction Form or other information sent to you by your bank, broker or other holder of record to determine how to obtain a legal proxy in order to vote in person at the Annual Meeting.

Revoking Your Vote

Edgar Filing: AIRGAS INC - Form DEF 14A

If you are a registered stockholder, you may revoke your vote at any time before your shares are voted at the Annual Meeting by:

timely submitting a proxy with new voting instructions using the Internet or telephone voting system;

timely delivering a valid, later-dated executed proxy card;

Table of Contents

voting in person at the Annual Meeting by completing a ballot; however, attending the Annual Meeting without completing a ballot will not revoke any previously submitted proxy; or

timely filing an instrument of revocation with the Secretary of Airgas, Inc. at 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087.

If you are a street-name stockholder and you vote by proxy, you may change your vote by submitting new voting instructions to your bank, broker or other holder of record in accordance with that entity's procedures.

Vote Required for Approval

The presence, in person or by proxy, of stockholders entitled to cast a majority of the votes which all stockholders are entitled to cast at the Annual Meeting is necessary to constitute a quorum for the transaction of business. As described in more detail below, abstentions are not counted as shares voted in favor of a proposal but are counted as shares voted and therefore have the effect of a vote against Proposals 2 and 3. Brokers holding shares for beneficial owners must vote their shares according to the specific instructions they receive from the beneficial owners. If specific instructions are not received, brokers may vote these shares at their discretion, except if they are precluded from exercising their voting discretion on certain proposals pursuant to the rules of the New York Stock Exchange, or NYSE. In such a case, the broker may not vote on the proposal absent specific voting instructions. This results in what is known as a broker non-vote. Brokers generally have discretion to vote on routine matters, such as the ratification of independent registered public accounting firms, but do not have discretion to vote on non-routine matters, such as the election of directors or stockholder proposals.

Following are the votes required to approve each matter to be considered by the stockholders at the Annual Meeting:

Proposal 1. Election of Directors: In the election of directors, every stockholder has the right to vote each share of stock owned by such stockholder on the record date for as many persons as there are directors to be elected. Cumulative voting is not permitted. To be elected, a director-nominee must receive a plurality of the votes cast at the meeting. Only votes cast FOR a nominee will be counted. Shares of common stock of stockholders abstaining from voting but otherwise present at the meeting in person or by proxy, votes withheld and broker non-votes will not be counted as votes cast for such purposes and therefore will have no effect on the results of the election. The Board unanimously recommends that you vote **FOR** each of the four nominees for director.

Proposal 2. Ratification of Selection of KPMG LLP. The affirmative vote of a majority of the votes cast by the stockholders entitled to vote thereon, present in person or represented by proxy at the Annual Meeting, is required to approve the ratification of our selection of KPMG LLP. Abstentions will have the same effect as a vote against this proposal. The Board unanimously recommends that you vote **FOR** KPMG LLP as Airgas' independent registered public accounting firm.

Proposal 3. Advisory Vote to Approve Executive Compensation. The affirmative vote of a majority of the votes cast by the stockholders entitled to vote thereon, present in person or represented by proxy at the Annual Meeting, is required for approval. Abstentions will have the same effect as a vote against this proposal, and broker non-votes, if any, will have no effect on the results. The Board unanimously recommends that you vote **FOR** approval of Airgas' Executive Compensation.

Under the NYSE rules, brokers may not vote shares on Proposals 1 or 3 absent instructions from the beneficial owners of the shares. Brokers are not precluded from voting on Proposal 2, and, therefore, there will be no broker non-votes on that proposal.

Proxy Solicitation

The cost of proxy solicitation, including the cost of preparing, assembling, printing, mailing and distributing these proxy materials, will be paid by Airgas. Airgas will also reimburse brokerage houses and other custodians,

Table of Contents

nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and other solicitation materials to beneficial owners of Airgas common stock. Some of our directors, officers and other employees may solicit proxies without extra compensation by mail and, if found to be necessary, by telephone and personal interviews. Airgas has also retained Innisfree M&A Incorporated to assist in the solicitation of proxies at a fee of \$15,000 plus expenses.

Householding of Annual Meeting Materials

If you and other residents at your mailing address own shares of our common stock in street name, your broker or bank may have sent you only one copy of our annual report and proxy materials. This practice of sending only one copy of proxy materials is known as householding. If you did not respond that you did not want to participate in householding, you were deemed to have consented to the process. If the foregoing procedures apply to you, your broker has sent one copy of our proxy materials to your address. You may revoke your consent to householding at any time by sending your name, the name of your brokerage firm and your account number to Airgas, Inc., Investor Relations, 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087, telephone 610-687-5253. The revocation of your consent to householding will be effective 30 days following its receipt. In any event, if you did not receive an individual copy of our proxy materials, we will send a copy to you if you address your written request to or call the Secretary of Airgas, Inc., 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087, telephone number 610-687-5253. If you are receiving multiple copies of our proxy materials, you can request householding by contacting the Secretary in the same manner.

Table of Contents

GOVERNANCE OF THE COMPANY

Corporate Governance Commitment

Our Board believes strongly that good corporate governance accompanies and greatly aids our long-term business success. This success has been the direct result of our key business strategies and our highest business standards. The Airgas Board strongly supports these key strategies, advising on design and implementation, and seeing that they guide our operations. To accomplish our strategic goals, we have, consistently over many years, developed and followed a program of corporate governance. The Board has adopted a set of Corporate Governance Guidelines that address the make-up and functioning of the Board. Our Governance and Compensation Committee is responsible for reviewing and reassessing the Guidelines on an annual basis and making recommendations to the Board concerning changes to the Guidelines. The Guidelines are published on our website at www.airgas.com and are available in print to any stockholder who requests them from our Secretary.

Board Leadership Structure

Our Board does not have a policy regarding the separation of the roles of Chief Executive Officer and Chairman of the Board as the Board believes it is in the best interests of Airgas to make that determination based on the position and direction of Airgas and the membership of the Board. At this time, the Board believes that the most effective leadership structure is for Peter McCausland to serve as the Executive Chairman and Michael Molinini to hold the position of President and Chief Executive Officer and to serve as a member of the Board. The Board believes that Airgas continues to benefit from Mr. McCausland's experience and expertise in the industrial gas industry. Mr. McCausland remains active in our management and serves as a bridge between management and the Board, while Mr. Molinini focuses on implementing Airgas's strategic vision for the future.

In accordance with our Corporate Governance Guidelines, if our Chairman of the Board does not qualify as a non-management director, our Board selects a non-management director to preside over non-management executive sessions of the Board. Richard C. Ill, a non-management director, is currently serving as Presiding Director and presides over non-management executive sessions of the Board. In addition, stockholders and other parties interested in communicating with the Board may communicate with the Chairman of the Board, or, if the Chairman does not qualify as a non-management director, the Presiding Director. See [Executive Sessions and Stockholder Communications with the Board](#) below for information on how to submit such communications.

Board Role in Risk and Sustainability Oversight

Our Board of Directors and its various committees play an active role in risk oversight. The Board of Directors, with the assistance of our General Counsel, has performed a thorough analysis of the material risks facing Airgas, identified the senior managers responsible for the programs and procedures that have been implemented to address those risks, and identified the committees primarily responsible for the Board-level oversight of those programs and procedures. The Board has conducted a detailed review of our overall risk management program.

In addition to its annual review of risk management programs and procedures, the Board receives a report at each regularly scheduled meeting from our Executive Chairman, who discusses material business developments, including those impacting our risk profile, and from our Chief Executive Officer who reviews our continuing safety initiatives, reports on any material accidents and discusses the results of internal compliance audits and any regulatory agency inspections. On an annual basis, the Director of our safety department provides a full report on safety and regulatory compliance matters.

Prior to any material business acquisition being approved, the Senior Vice President - Corporate Development provides the Board with a written analysis of the proposed transaction, discusses it with the Board

Table of Contents

and answers any questions the individual directors may have. The Board also receives an annual report from our General Counsel that addresses material litigation and any compliance issues. The Board regularly receives reports on, and discusses, areas of risk overseen by the Audit Committee, the Finance Committee and the Governance and Compensation Committee.

Our Audit Committee meets regularly with, among others, our Chief Financial Officer, our Controller and our Vice President of Internal Audit, as well as representatives of our independent registered public accounting firm, and reports a summary of its meetings to the full Board. The Audit Committee's responsibilities include reviewing and discussing with management Airgas' policies and procedures for addressing risks associated with financial reporting, internal control over financial reporting, SEC and other related regulatory compliance and taxes, and reviewing in a general manner the processes Airgas has in place to assess and manage its exposure to other risks. Our Deputy General Counsel provides an update on any open environmental issues to the committee on a quarterly basis, and, on an annual basis, our General Counsel describes material pending litigation and provides a detailed analysis of Airgas' compliance with applicable laws and regulations.

Risks associated with compensation practices are analyzed by our Senior Vice President-Human Resources, who in turn discusses the results of her analysis with the Governance and Compensation Committee. Additionally, the Governance and Compensation Committee monitors risks associated with Airgas' succession planning.

The Finance Committee is charged with reviewing, approving and monitoring risks related to insurance programs, capital structure, liquidity, financing plans, hedging transactions and currency matters. The committee regularly meets with our Chief Financial Officer and our Treasurer and reports on the results of its activities to the full Board.

The Governance and Compensation Committee is charged with overseeing the company's programs and practices with respect to sustainability considerations.

Airgas has always taken a conservative approach to risk management, strives to avoid legacy liabilities in connection with its acquisitions and places its greatest emphasis on the safety of its associates and returning long-term, sustainable value to its stockholders. Our directors, all of whom are independent with the exception of our Executive Chairman and our President and Chief Executive Officer, share senior management's conservative approach to risk and are actively involved in assuring that Airgas' policies and procedures satisfy the goal of identifying, understanding, reporting on and mitigating risk while not stifling innovation and the entrepreneurial spirit that have contributed to Airgas success.

Board Independence and Expertise

Board and Committee Independence

The Board of Directors is composed of nine independent outside directors, the Executive Chairman and the President and Chief Executive Officer, who we sometimes refer to in this proxy statement as the Chief Executive Officer or the CEO. The committees of the Board are entirely composed of independent outside directors, with the exception of the Executive Committee, of which Mr. McCausland and Mr. Molinini are members.

The Board of Directors has determined that the following directors and nominees, comprising all of the directors and nominees other than the Executive Chairman and the Chief Executive Officer, are independent under the listing standards of the NYSE: John P. Clancey; James W. Hovey; Richard C. Ill; Ted B. Miller, Jr.; Paula A. Sneed; David M. Stout; Lee M. Thomas; John C. van Roden, Jr.; and Ellen C. Wolf. In order to assist the Board in making this determination, the Board has adopted Director Independence Standards, which are attached to this proxy statement as Appendix A. These standards identify material relationships that a director may have with Airgas that might interfere with the director's ability to exercise independent judgment. Each of

Table of Contents

the directors identified above meets the standards set forth in the Director Independence Standards. In the course of determining the independence of each outside director, the Board considered all transactions, relationships and arrangements, as required by our Director Independence Standards.

Board Membership Criteria

To fulfill its responsibility to screen, select and recommend to the full Board nominees for election as directors, the Governance and Compensation Committee reviews the composition of the Board to determine the qualifications and areas of expertise needed to further enhance the composition of the Board. Airgas believes that our directors should possess the highest personal and professional ethics, integrity and values, and possess a range of talent, skill, diversity and expertise enabling it to provide sound guidance with respect to our operations and interests. The evaluation of director nominees by the Committee also takes into account diversity of age and background.

Below we identify and describe the key experience, qualifications and skills our directors bring to the Board that are important in light of our strategy and operations. The directors' experiences, qualifications and skills that the Committee and the Board considered in their re-nomination are included in their individual biographies.

We believe that directors with experience in significant leadership positions, especially CEO and CFO positions, generally possess strong leadership qualities. They demonstrate a practical understanding of organizations, processes, strategy, risk management and the methods to drive change and growth. Through their service as top leaders at other organizations, they also have gained experience in core management skills, such as strategic and financial planning, public company financial reporting, corporate governance, leadership development and acquisition experience. Our directors also have experience serving on boards of directors and committees of other public companies.

Our Board and Governance and Compensation Committee also believe that each of our nominees and current directors has other attributes that are important to an effective board: integrity and high ethical standards; sound judgment; analytical skills; the ability to engage management and each other in a constructive and collaborative fashion; diversity of origin, background, experience and thought; and a demonstrated commitment to devote significant time and energy to service on the Board and its committees.

Airgas does not have a formal policy with regard to diversity in identifying director nominees, but the Governance and Compensation Committee and the Board strive to nominate directors with a variety of complementary skills and attributes so that, as a group, the Board will possess the appropriate talent, skills and expertise to oversee our business. The current composition of the Board reflects the Governance and Compensation Committee's and Board's success in accomplishing this goal.

Audit Committee and Governance and Compensation Committee Independence

The Board of Directors, in its business judgment, has determined that each of the members of the Audit Committee meets the independence requirements of the SEC and the NYSE. The Audit Committee regularly holds separate executive sessions with (1) Airgas' independent registered public accounting firm, without management present, (2) our Chief Financial Officer and (3) our Vice President of Internal Audit. The Board has also determined that each of the members of the Governance and Compensation Committee satisfies the independence requirements of the SEC and NYSE for compensation committee members.

Director Nomination Process

The Governance and Compensation Committee reviews possible candidates for the Board of Directors and recommends the nominees for director to the Board of Directors for approval. The Board of Directors has adopted criteria for the selection of nominees to the Board, which are generally included in our Corporate

Table of Contents

Governance Guidelines, and are described above. These criteria describe specific traits, abilities and experience that the Governance and Compensation Committee and the Board look for in selecting candidates for election to the Board. The Governance and Compensation Committee considers suggestions from many sources, including stockholders, regarding possible candidates for director. These suggestions, together with a complete description of the nominee's qualifications, experience and background, and a statement signed by the nominee in which he or she consents to such nomination and which includes the name of the stockholder making the suggestion and evidence of that person's ownership of Airgas stock, including the number of shares held and the length of time of ownership, should be submitted to the Secretary of Airgas at 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087-5283 not less than 120 days prior to the anniversary date of the most recent annual meeting of stockholders, or if the meeting has been changed by more than 30 days from the date of the previous year's meeting, not less than 60 days before the date of the meeting. Possible candidates who have been suggested by stockholders are evaluated by the Governance and Compensation Committee in the same manner as are other possible candidates.

In addition to making suggestions to the Governance and Compensation Committee for the selection of nominees as described above, under our By-Laws, stockholders are also entitled to nominate persons for election as directors to be presented at the annual meeting if, among other things, written notice has been given, in the case of an annual meeting, not earlier than 120 days and not later than 90 days prior to the anniversary of the preceding year's annual meeting. The notice must set forth information about the proposed nominee and the consent of the nominee, among other things.

Charters and Code of Ethics and Business Conduct

In addition to the Corporate Governance Guidelines, we maintain the following to support our corporate governance policies:

Charters for Board Committees

The Governance and Compensation Committee, the Finance Committee and the Audit Committee use charters adopted by the Board that, where applicable, set forth the authority and responsibilities of the committees under the corporate governance rules of the SEC and the NYSE.

Code of Ethics and Business Conduct

Airgas' Code of Ethics and Business Conduct ensures that our business is conducted in a consistently legal and ethical manner. Our General Counsel oversees compliance with the Code of Ethics and Business Conduct. Airgas' Code of Ethics and Business Conduct is available on our website at www.airgas.com and is available in print to any stockholder who requests it from our Secretary. All of our employees, including our Executive Chairman, Chief Executive Officer, Chief Financial Officer and Controller, are required to comply with the Code of Ethics and Business Conduct. The Code of Ethics and Business Conduct covers all areas of professional conduct, including compliance with laws, conflicts of interest, confidentiality, corporate opportunities, use of company assets and reporting illegal or unethical behavior. The Code of Ethics and Business Conduct describes our procedures to receive, retain and address complaints regarding accounting, internal controls and auditing matters, and other illegal or unethical behavior.

Directors are Stockholders

Meaningful Director Stock Ownership

Board members are expected to develop a meaningful ownership position in Airgas stock. For more information on director stock ownership requirements, please see "Compensation of Directors" beginning on page 20 of this proxy statement. Board members receive stock options each year as a significant component of their overall compensation.

Table of Contents

Direct Access to Management and Independent Advisors

Airgas provides directors with complete access to management. Key senior managers regularly attend Board meetings. Topics are presented to the Board by the members of management who are most knowledgeable about the issue at hand, irrespective of seniority, which allows dialogue to develop between directors and management. The Board and each of the Audit Committee and the Governance and Compensation Committee have the right to consult with and retain independent legal and other advisors at Airgas' expense.

Ensuring Management Accountability

Performance-Based Compensation

We have linked the pay of associates in management and executive level positions to company performance. As described in greater detail under "Compensation Discussion and Analysis" included in this proxy statement, the Governance and Compensation Committee adheres to this pay for performance philosophy, and stock-based incentives constitute a significant component of senior management's overall compensation.

Executive Chairman and CEO Evaluation Process

The non-management members of the Board conduct an annual evaluation of the Executive Chairman's and the CEO's performance and compensation. The Executive Chairman and the CEO are evaluated against goals set each year, including both objective measures and subjective criteria consistent with, and in furtherance of, Airgas' strategic goals and initiatives. As part of the overall evaluation process, the Board meets informally with each of the Executive Chairman and the CEO to give and seek feedback on a regular basis. The non-management members of the Board meet in executive sessions to review the Executive Chairman's and the CEO's performance.

Functioning of the Board

Directorship Limits

To devote sufficient time to properly discharge their duties, no director may serve on more than three other boards of directors of public companies. Recognizing the value of continuity of directors who have experience with Airgas, there are no limits on the number of terms for which a director may hold office. Directors are required to resign from the Board Directors by the date of the first Annual Meeting after his or her 75th birthday unless, as of that Annual Meeting, the director has only one year remaining in his or her term, in which case the director is not required to resign from the Board until the date of the second Annual Meeting after his or her 75th birthday.

Attendance at Board and Stockholder Meetings

Directors are expected to attend all meetings of the Board and committees on which they serve and annual stockholder meetings. Each of the incumbent directors attended at least 87% percent of the meetings of the Board and the committees on which he or she served during the 2015 fiscal year. All of the directors attended the last annual meeting.

Executive Sessions and Stockholder Communications with the Board

The Board routinely holds executive sessions where non-management directors meet without management participation. In the event that one or more of the non-management directors were not to qualify as independent directors, the Board would also hold at least one meeting each year of the independent directors. Interested persons may communicate directly and confidentially with the non-management directors by writing to the Presiding Director (or to the Chairman of the Board, if the Chairman qualifies as a non-management director), Airgas, Inc., 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087-5283.

Table of Contents

Assessing the Board's Performance

Board Evaluation Process

The Board of Directors conducts an annual evaluation of itself and its committees. The directors first evaluate overall Board and committee performance against certain criteria that the Board has determined are important to its success and the success of its committees. These include financial oversight, succession planning, compensation, corporate governance, strategic planning and Board and committee structures and roles. The Board and its committees then review the results of the evaluation and discuss what, if any, action should be taken to improve performance.

Table of Contents

ELECTION OF DIRECTORS

(PROPOSAL 1)

Our By-Laws provide that our Board of Directors designates the number of directors constituting the Board of Directors, and that there should be at least seven and no more than 13 members. Currently, that number has been fixed by the Board of Directors at 11. The Board of Directors consists of three classes, with directors of one class elected each year, for terms extending to the annual meeting of stockholders held in the third year following the year of their election.

Four directors are to be elected to hold office until the 2018 Annual Meeting. The proxy holders will cast votes on the proxy cards received by them, unless otherwise specified, **FOR** the election of Mr. Hovey, Mr. Molinini, Ms. Sneed and Mr. Stout.

The names and biographical summaries of the four persons who have been nominated to stand for election at the 2015 Annual Meeting and the remaining directors whose terms are continuing until the 2016 and 2017 Annual Meetings appear below. James W. Hovey, Michael L. Molinini, Paula A. Sneed and David M. Stout have been nominated to serve as directors for terms expiring at the 2018 Annual Meeting. John P. Clancey, Richard C. Ill and Ted B. Miller, Jr. were elected by the stockholders at the 2013 Annual Meeting and their terms continue until the 2016 Annual Meeting. Peter McCausland, Lee M. Thomas, John C. van Roden, Jr. and Ellen C. Wolf were elected by the stockholders at the 2014 Annual Meeting and their terms continue until the 2017 Annual Meeting.

All nominees have indicated that they are willing and able to serve as directors if elected. In the event that any nominee should become unavailable, the proxy will be voted for the election of any substitute nominee recommended by the Governance and Compensation Committee to the Board of Directors and selected by the Board.

The Board of Directors unanimously recommends that you vote FOR the election of James W. Hovey, Michael L. Molinini, Paula A. Sneed and David M. Stout.

Set forth below is certain information regarding the four nominees for election at the Annual Meeting and the remaining seven directors whose terms are continuing.

Nominees for Election for Terms Expiring at the 2018 Annual Meeting

James W. Hovey

Mr. Hovey, age 69, served as President of The Fox Companies, a diversified real estate development firm, from 1972 to December 2013, where he was responsible for the development of numerous housing units and office buildings, and of a sports arena. Mr. Hovey serves as a member of the Board of Trustees of Eisenhower Fellowships, Inc. and also serves on the board of TSI Group. Mr. Hovey has been an Airgas director since 1999.

Mr. Hovey brings senior-level management experience to the Board through his 40-year career as an executive of a real estate development firm. Mr. Hovey's experience enables him to provide insight and guidance on real estate and finance matters facing the company. Mr. Hovey also brings to the Board his leadership skills from his extensive non-profit experience.

Michael L. Molinini

Mr. Molinini, age 64, has been President and Chief Executive Officer of Airgas since August 2012. Prior to that time, Mr. Molinini served

Table of Contents

as Executive Vice President and Chief Operating Officer of Airgas from January 2005 until August 2012. Prior to that time, Mr. Molinini served as Senior Vice President Hardgoods Operations from August 1999 to January 2005 and as Vice President Airgas Direct Industrial from April 1997 to July 1999. Prior to joining Airgas, Mr. Molinini served as Vice President of Marketing for National Welders Supply Company, Inc. (National Welders) from 1991 to 1997. Mr. Molinini has been a director since May 1, 2012.

Mr. Molinini brings to the Board his extensive knowledge of, and experience in, Airgas business and the industrial gas industry, in addition to the leadership capabilities he gained through the senior management positions he has held during his career. Mr. Molinini has more than 40 years experience in management positions in the industrial gas industry. As Chief Executive Officer, his insight into the operations and management of Airgas is invaluable to the Board in carrying out its oversight functions.

Paula A. Sneed

Ms. Sneed, age 67, is the Chairman and CEO of Phelps Prescott Group, LLC, a strategy and management consulting firm. She served as Executive Vice President of Global Marketing Resources and Initiatives for Kraft Foods, Inc. from June 2005 until her retirement in December 2006. She was responsible for leading Kraft's approximately 700-person Global Marketing Services organization (advertising, media, promotions, marketing research, packaging, digital and interactive marketing, CRM and other marketing disciplines) serving more than 100 major food brands. Ms. Sneed joined General Foods Corporation (which later merged with Kraft Foods, Inc.) in 1977, and served in various executive positions since 1986. She is a member of the National Board of Directors of Teach for America and of the Visiting Committee of the Harvard Business School. Ms. Sneed is also a member of the board of directors of The Charles Schwab Corporation and TE Connectivity Ltd. Ms. Sneed has been an Airgas director since 1999.

Ms. Sneed has a broad range of leadership experience in general management and functional management roles from her tenure at General Foods and Kraft Foods, where, among other things, she led several business divisions and company-wide functions. Ms. Sneed brings valuable marketing and global management skills and extensive leadership experience to the Board. She also provides our Board with useful insights on best governance practices from her service on other public company boards of directors and on audit, governance and compensation committees of profit and non-profit organizations.

David M. Stout

Mr. Stout, age 61, served as President, Pharmaceuticals, GlaxoSmithKline, with responsibility for global pharmaceutical operations, from January 2003 to February 2008. Prior to that, he served as President, U.S. Pharmaceuticals from 1999 to January 2003. He served as Senior Vice President and Director, Sales and Marketing-U.S., for SmithKline Beecham from October 1996 until 1998. Mr. Stout was President of Schering Laboratories, a division of

Table of Contents

Schering-Plough Corporation, from 1994 until 1996. He held various executive and sales and marketing positions with Schering-Plough from 1979, when he joined the company, until 1994. Mr. Stout is also a member of the board of directors of NanoBio Corporation, a privately-held company, Jabil Circuit, Inc. and Actelion, LTD, a Swiss company. Mr. Stout has been an Airgas director since 1999.

With over 20 years of senior management experience in the pharmaceutical industry, Mr. Stout brings to our Board valuable business, manufacturing, research and development, and global operations experience. In his roles, Mr. Stout gained valuable experience dealing with governments, distributors and suppliers and the complexities related to operating in a regulated industry. His service on boards of directors and committees of other public companies has given him valuable insight on best practices in the corporate governance and compensation areas.

The Airgas Board recommends that you vote FOR the election to the Board of each of the foregoing nominees.

Directors Serving for Terms Expiring at the 2016 Annual Meeting

John P. Clancey

John P. Clancey, age 70, served as Chairman of Maersk Inc. and Maersk Line Limited, a division of the A.P. Moller-Maersk Group, from 1999 to January 2010. Maersk is one of the world's largest shipping companies. Since January 2010, Mr. Clancey has been a Principal and founder of Hospitality Logistics, International, a furniture, fixtures and equipment logistics services provider serving customers in the hotel industry. Since July 2010, Mr. Clancey has been Chairman and a member of the Board of Directors of Livingston International Inc., a major international customs house and freight forwarding company, and an advisor to Sterling Partners, a private equity firm and since January 1, 2011, he has served on the Infrastructure Advisory Committee of Brookfield Asset Management, a global asset management company. Mr. Clancey has been an Airgas director since 2010.

Mr. Clancey brings to our Board more than 22 years of experience as both chief executive officer and chairman of international businesses, and 16 years of experience serving on the boards of large public companies in a range of industries. Mr. Clancey's board experience includes his service as a member of the board of directors of UST Inc. from 1997 to 2009, and as a member of the board of directors of Foster Wheeler AG from 2000 to 2005. In addition, Mr. Clancey served as a member of the board of directors of AT&T Capital from 1993 to 1998, when the company was sold to Nomura Securities.

Richard C. Ill

Mr. Ill, age 72, has been the President and Chief Executive Officer of the Triumph Group, Inc., a company that designs, manufactures, repairs and overhauls aircraft components and assemblies, since April 2015 and from 1993 until July 2012, and has been a director of

Table of Contents

Triumph since 1993. He also served as Executive Chairman of Triumph from July 2012 until April 2015. Mr. Ill serves as a director of P.H. Glatfelter Company and Mohawk Industries and as a member of the Drexel University Board of Trustees. Mr. Ill has been an Airgas director since 2013 and previously served as an Airgas director from 2004 until 2010.

Mr. Ill has over 45 years of public company experience in management, manufacturing and operations. From his tenure as CEO of Triumph Group, and from his service on other public company boards, he provides a strong operational, financial and strategic background and has valuable business leadership and management experience and insights into many aspects of our business and the current business climate.

Ted B. Miller, Jr.

Mr. Miller, age 63, has been the President of 4M Investments, LLC, an international private investment company, since 2001. He is also the founder, Chairman and majority shareholder of Visual Intelligence, a privately held imaging technologies company founded in 2001 and Executive Chairman of 4M HR Logistics, LLC. Mr. Miller has been an Airgas director since 2010.

Mr. Miller brings to our Board extensive executive, financial and governance experience as a significant shareholder, executive officer and director of both start-up companies and large public companies. His extensive business and leadership experience includes his positions as the founder, Chairman and majority shareholder of Intercomp Technologies, LLC from 1994 until October 2013, when it was sold to Elbrus Capital; of M7 Aerospace, LP, a privately held aerospace service, manufacturing and technology company, from 2003 until 2010, when it was sold to Elbit Systems of America; and his positions, from 1996 to 2002, as the Chairman and Chief Executive Officer of Crown Castle International Corp., a publicly-held global wireless communications infrastructure company he founded in 1995. In addition, Mr. Miller served as a member of the board of directors of Affiliated Computer Services, Inc., a global business process outsourcing company employing over 70,000 employees, from November 2008 until the acquisition of the company by Xerox Corporation in February 2010.

Directors Serving for Terms Expiring at the 2017 Annual Meeting

Peter McCausland

Mr. McCausland, age 65, has been an Airgas director from June 1986 until September 15, 2010 and from September 23, 2010 to the present and has served as Executive Chairman since August 2012. Prior to that, he served as Chairman of the Board from 1987 to September 15, 2010 and from August 29, 2011 to August 2012. Mr. McCausland also served as the Chief Executive Officer of Airgas from May 1987 to August 2012 and President of Airgas from June 1986 to August 1988, from April 1993 to November 1995, from April 1997 to January 1999 and from January 2005 to August 2012. Mr. McCausland serves as a director of the Independence Seaport

Table of Contents

Museum. Mr. McCausland also serves on the Board of Visitors of the Boston University School of Law and the College of Arts and Sciences of the University of South Carolina.

Mr. McCausland brings to the Board leadership, and extensive business, operating, acquisition, finance, business strategy development and policy experience, and tremendous knowledge of our company and the industrial gas industry. In addition, Mr. McCausland brings his strategic vision for Airgas to the Board. His service as a director and as the CEO of Airgas has contributed to the effectiveness of the Board and creates a critical link between management and the Board, enabling the Board to perform its oversight function with the benefits of management's perspectives on the business. Furthermore, Mr. McCausland provides Airgas with effective leadership.

Lee M. Thomas

Mr. Thomas, age 71, served as President and Chief Executive Officer of Rayonier, Inc. from March 2007 until July 2007, as Chairman, President and Chief Executive Officer from July 2007 to October 2010, as Chairman and Chief Executive Officer from October 2010 until January 2012, as Chairman of the company until May 2012, and as a director from March 2006 until May 2012. Previously, he served as President of Georgia-Pacific Corporation, beginning in September 2002, and as President and Chief Operating Officer, beginning in March 2003, until his retirement in December 2005. Mr. Thomas held these and other senior executive positions within Georgia-Pacific Corporation since 1993. Prior to that, he was Chairman and Chief Executive Officer of Law Companies Environmental Group Inc. and has held numerous federal and state government positions, including positions with the U.S. Environmental Protection Agency, the Federal Emergency Management Agency and the Office of the Governor of South Carolina. Mr. Thomas is a director of Regal Entertainment Group and DuPont Corporation. Mr. Thomas has served as an Airgas director since 1998.

Mr. Thomas brings to our Board an extensive knowledge of the environmental regulatory process from his senior positions in industry and government. His tenure at Rayonier and Georgia-Pacific and as Administrator of the U.S. Environmental Protection Agency and Deputy Director of the Federal Emergency Management Agency provide valuable business, leadership and management experience, including expertise on governmental relations in environmental regulatory areas.

John C. van Roden, Jr.

Mr. van Roden, age 66, served as Executive Vice President and Chief Financial Officer of P.H. Glatfelter Company, a diversified global manufacturer of specialty papers and engineered products, from 2003 to 2006. Prior to that, he served as Senior Vice President and Chief Financial Officer for Conectiv from 1998 to 2003, and as the Senior Vice President and Chief Financial Officer of Lukens Inc. from 1982 to 1998. Mr. van Roden also serves on the boards of H.B. Fuller Company and Horsehead Holding Corp. Mr. van Roden has served as an Airgas director since October 2006.

Table of Contents

Mr. van Roden brings to the Board over 20 years of experience in strategic and financial management from his senior leadership positions at P.H. Glatfelter, Conectiv and Lukens, where he served in significant financial leadership positions. From his extensive experience as a financial executive, Mr. van Roden provides leadership in the financial area and serves as the Chairman of our Audit Committee and as an audit committee financial expert.

Ellen C. Wolf

Ms. Wolf, age 61, served as Senior Vice President and Chief Financial Officer of American Water Works Company, Inc., the largest investor-owned U.S. water and wastewater company, from 2006 until May 2013. Previously, she served as Senior Vice President and CFO of USEC, Inc. beginning in December 2003 and as Vice President and CFO of American Water from 1999 to 2003. Prior to that, Ms. Wolf held various positions with increasing responsibility in corporate accounting, finance and business development since beginning her career in 1979. She also serves on the board of Premier, Inc., InfraREIT, Inc., Connecticut Water Co. and one privately-held company and is a vice chairman of the board of the Philadelphia Zoo. Ms. Wolf has been an Airgas director since 2008.

Ms. Wolf brings to the Board her strong financial, corporate accounting, business development and leadership experience through her corporate senior executive positions and her current and previous service on the audit committees and nominating and governance committee of other public companies and her current service on the audit and compensation committees of two public companies. Ms. Wolf's financial expertise provides her with a deep understanding of our financial statements, corporate finance matters and accounting issues, and enables her to serve on our Audit Committee as an audit committee financial expert.

Board of Directors and Committees

The Board of Directors held six meetings during the fiscal year ended March 31, 2015. Each of the incumbent directors attended at least 87% of the Board and committee meetings that he or she was scheduled to attend during the 2015 fiscal year.

The standing committees of the Board of Directors are an Executive Committee, a Governance and Compensation Committee, an Audit Committee and a Finance Committee. During the fiscal year ended March 31, 2015, the Executive Committee held no meetings, the Governance and Compensation Committee held six meetings, the Audit Committee held ten meetings and the Finance Committee held four meetings.

Executive Committee

The members of the Executive Committee are Peter McCausland, Michael L. Molinini, David M. Stout, Lee M. Thomas and Richard C. III. As authorized by Delaware law and our By-Laws, the Executive Committee may exercise all of the powers of our Board of Directors when the Board is not in session, except that it may not elect directors or appoint officers, amend the By-Laws, declare dividends, appoint members of the Executive Committee, approve the acquisition of substantially all the assets or capital stock of a corporation or business entity that has annual sales in excess of 20% of the annual sales of Airgas or take any other action that may only be taken by the Board of Directors.

Table of Contents

Governance and Compensation Committee

The members of the Governance and Compensation Committee are James W. Hovey, Paula A. Sneed, David M. Stout, Richard C. Ill and Lee M. Thomas. Each member of the Committee is independent from Airgas and its management. The Committee's primary responsibilities under the terms of its charter include:

establishing qualifications for Board membership;

interviewing and recommending candidates to fill new positions on the Board;

reviewing candidates recommended by stockholders for positions on the Board;

developing and recommending to our Board of Directors a Code of Ethics and Business Conduct and considering requests for waivers from the Code of Ethics and Business Conduct for Board members and senior executives;

recommending assignment of Board members to committees;

reviewing policies for Board compensation;

reviewing and recommending changes to Board policies and procedures as they affect the organization and activities of the Board and its committees;

making reports for consideration by the Board;

considering matters of corporate governance, and reviewing, annually, the Corporate Governance Guidelines;

reviewing succession plans for senior executive officers;

conducting an annual evaluation of its performance and its charter;

reviewing and approving corporate goals and objectives and evaluating, annually, the performance of the Executive Chairman, the CEO and other officers in light of such goals and objectives;

determining the compensation of the Executive Chairman and the CEO based upon the evaluation of the performance of the Executive Chairman and the CEO;