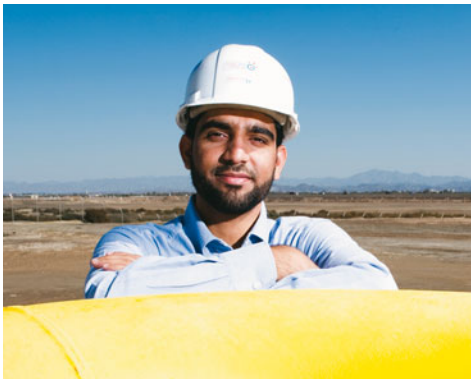





2009 REFERENCE DOCUMENT

INCLUDING THE SUSTAINABLE DEVELOPMENT REPORT

2009 Reference Document

including Sustainable Development Report

Air Liquide is the world leader in gases for industry, health and the environment, and is present in over **75 countries** with **42,300 employees.** Oxygen, nitrogen, hydrogen and rare gases have been at the core of Air Liquide's activities since its creation in 1902. Using these molecules, Air Liquide continuously reinvents its business, anticipating the needs of current and future markets. The Group innovates to enable progress, to achieve dynamic growth and a consistent performance.

Innovative technologies that curb polluting emissions, lower industry's energy use, recover and reuse natural resources or develop the energies of tomorrow, such as hydrogen, biofuels or photovoltaic energy… Oxygen for hospitals, homecare, fighting nosocomial infections… Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society.

A partner for the long term, Air Liquide relies on employee commitment, customer trust and shareholder support to pursue its vision of sustainable, competitive growth.

The diversity of Air Liquide's teams, businesses, markets and geographic presence provides a solid and sustainable base for its development and strengthens its ability to push back its own limits, conquer new territories and build its future.

Air Liquide explores the best that air can offer to preserve life, staying true to its sustainable development approach.

VISIT OUR WEBSITE AT
www.airliquide.com

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Reference document was filed with the French financial markets Authority (AMF), on March 23, 2010, in accordance with Article 212-13 of its General regulations. It may be used in support of any financial transaction if it is supplemented by a prospectus approved by the AMF. This document contains all information required for financial Annual report. It was prepared by the issue and its signatories assume responsibility for it.

This document is a free translation from French into English and has no other value than an informative one. Should there be any difference between the French and the English version, only the text in French language shall be deemed authentic and considered as expressing the exact information published by Air Liquide.

Management Report

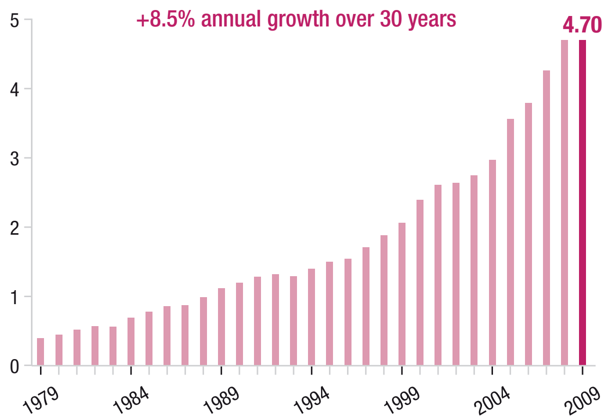
Key figures

In millions of euros	2004	2005	2006	2007	2008	2009	2009/2008 published % change
Revenue	9,428	10,435	10,949	11,801	13,103	11,976	-8.6%
Operating Income Recurring	1,375	1,518	1,659	1,794	1,949	1,949	=
Net profit (Group share)	780	933	1,002	1,123	1,220	1,230	+0.8%
Cash flow from operating activities (before change in working capital requirements)	1,692	1,805	1,889	2,054	2,207	2,275	+3.1%
Industrial capital expenditure	901	975	1,128	1,359	1,908	1,411	
Industrial capital expenditure/sales ratio	9.6%	9.3%	10.3%	11.5%	14.6%	11.8%	
Financial capital expenditure (acquisitions)	2,859	76	72	1,308	242	109	
Return on equity (ROE)	16.3%	17.2%	16.4%	17.7% [a]	18.6% [a]	17.2%	
Return on capital employed after tax (ROCE)	11.9%	11.7%	11.9%	12.3% [a]	12.2% [a]	11.6%	
Gearing	77%	60%	53%	72% [a]	80% [a]	63%	

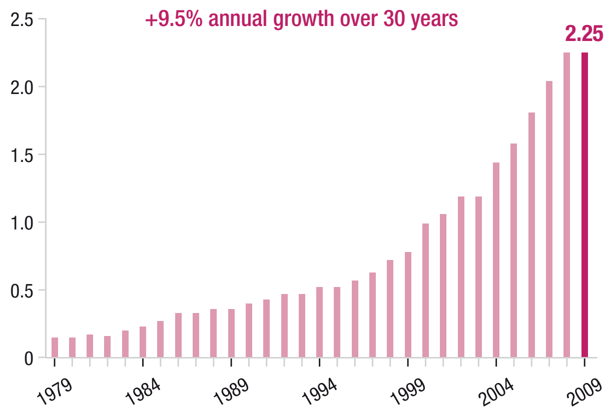
(a) After change of accounting method on Employees Benefits in the Consolidated financial statements.

HISTORIC PERFORMANCE

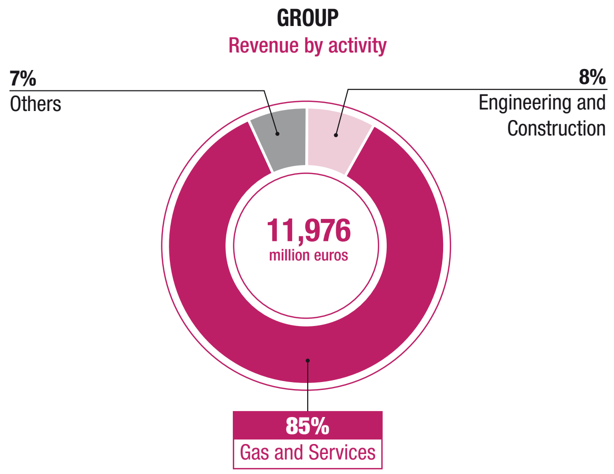
ADJUSTED NET EARNINGS PER SHARE EVOLUTION *(in euros)*

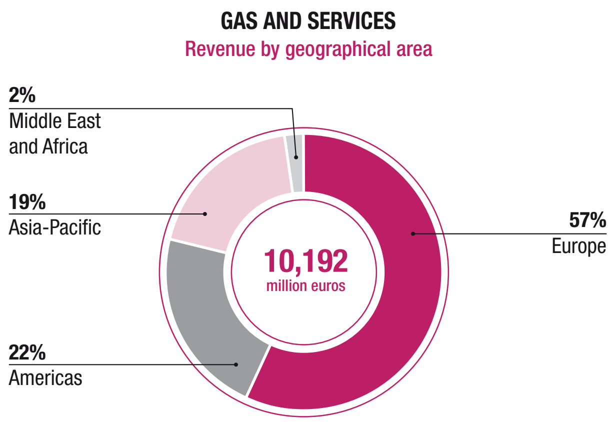


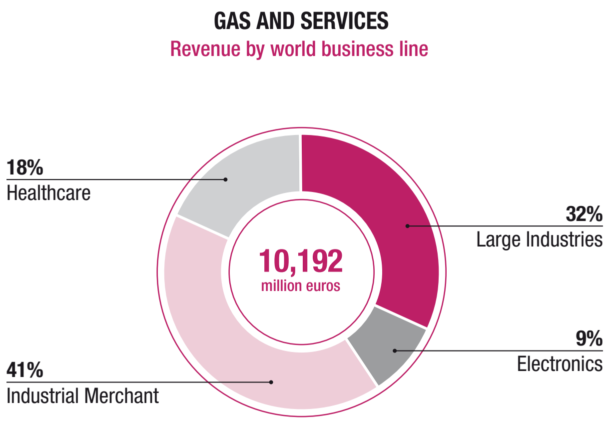
ADJUSTED DIVIDEND PER SHARE EVOLUTION *(in euros)*



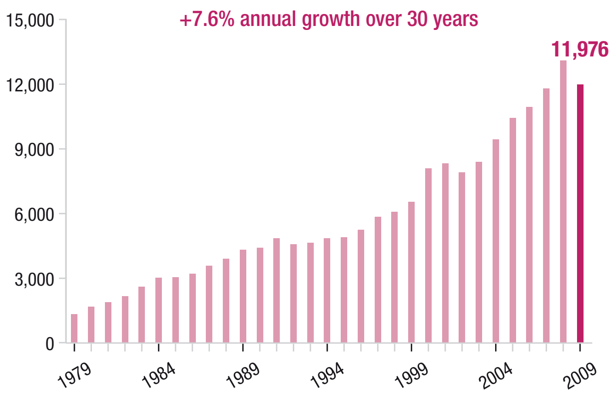
REVENUE BY ACTIVITY



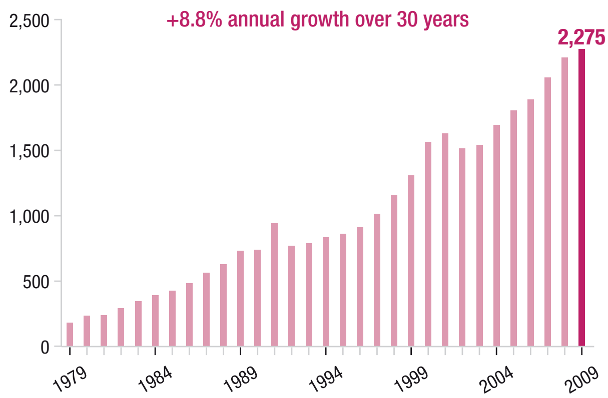




REVENUE EVOLUTION *(in millions of euros)*



CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGE IN WORKING CAPITAL REQUIREMENT *(in millions of euros)*

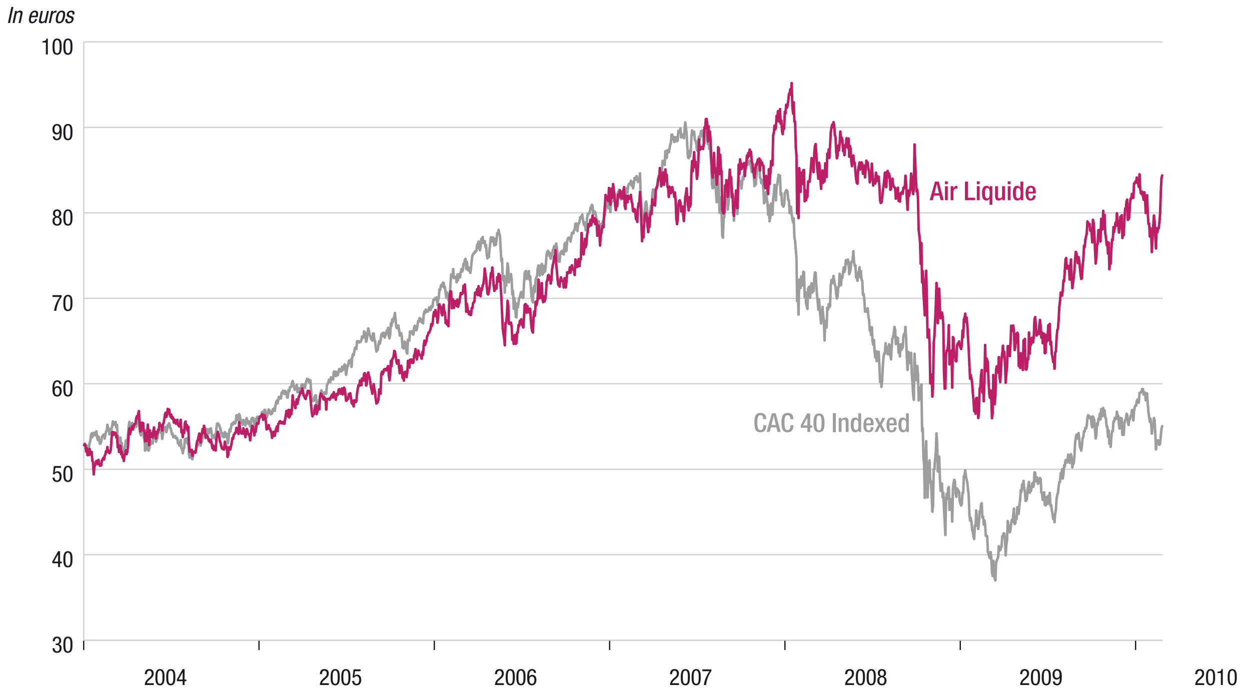


STOCK MARKET INDICATORS

In euros		2004	2005	2006	2007	2008	2009
Net profit per share [(a)]		2.97	3.56	3.79	4.26	4.70	4.70
Dividend per share [(a)]		1.44	1.58	1.81	2.04	2.25	2.25 [(b)]
Market capitalization at December 31 *(in millions of euros)*		14,849	17,800	21,794	24,312	17,077	21,941
Adjusted share price [(a)]:	High	57.23	68.93	83.00	93.14	95.65	84.40
	Low	49.21	53.55	63.76	75.08	55.78	55.03
	at 31/12	56.20	67.15	81.77	92.54	65.45	83.03

(a) Adjusted for the two-for-one share split on June 13, 2007 and free share issues (2004, 2006, 2008).
(b) To be proposed at the Annual General Meeting on May 5, 2010.

AIR LIQUIDE STOCK MARKET PERFORMANCE



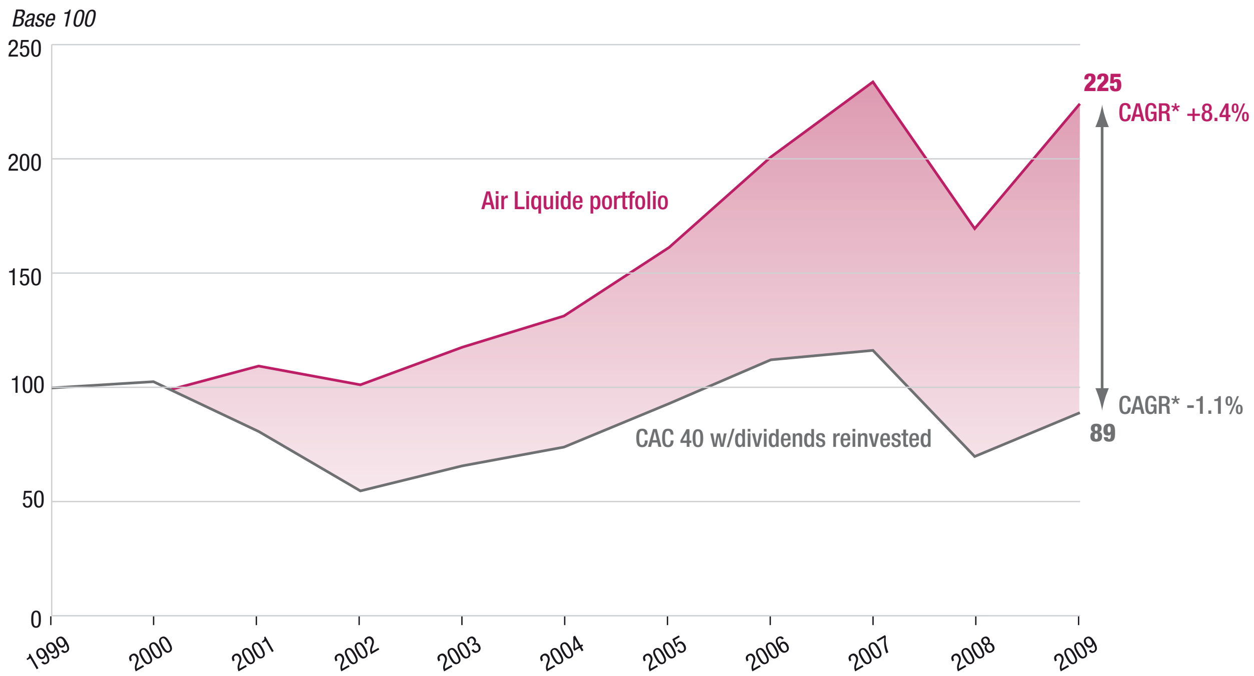
TOTAL SHAREHOLDER RETURN OF AN INVESTMENT IN AIR LIQUIDE SHARES

Total Shareholder Return (TSR) is the annualized rate of return for shareholders who purchased a share at the beginning of the period and sold it at the end of the period, including the contribution from both the share price performance and dividends paid (including loyalty bonus), assuming that the dividend is immediately reinvested in shares, as well the free share issues.

TSR AS AT DECEMBER 31, 2009 FOR A CAPITAL INVESTED ON …

	Registered shares	Bearer Shares
… December 31, 2004	+11.3%	+10.9%
… December 31,1999	+8.7%	+8.1%
… December 31,1989	+11.7%	+11.1%

10-YEAR EVOLUTION OF AIR LIQUIDE PORTFOLIO COMPARED TO CAC 40 INCLUDING DIVIDENDS (AS AT 31ST DECEMBER)



** 10-year annual growth average.*

The portfolio valuation corresponds to the average between a registered and a bearer portfolio. The calculation takes into account the share price evolution, the dividends paid (reinvested in shares) and the loyalty bonuses for the registered shares.

History of the Group

1902

Origin

Air Liquide was founded by Georges Claude and Paul Delorme in order to market their invention, the liquefaction of air and the production of oxygen in much greater quantities than previously possible.

1906

International development

Gas by its very nature is difficult to transport and thus local production is required. This was one of the reasons Air Liquide set its sights internationally early on, building numerous production units abroad. Development was rapid in Europe (1906), Japan (1907), Canada (1911) and the United States (1916). Two major acquisitions served to significantly reinforce the Group's permanent expansion: the 1986 takeover of Big Three in the United States and certain activities of Messer Griesheim in Germany, the United Kingdom and the United States in 2004. The Group thus affirmed its position as global leader, while reinforcing its presence in the world's major economies.

Air Liquide is now present in 75 countries, its international dimension being a fundamental component to its strategy.

1913

Shareholders

The critical role played by shareholders became evident in the first years of the Company's development. With the listing on the Paris Stock Exchange in 1913, a strong relationship was forged between Air Liquide and its individual and institutional shareholders. In 1987, Air Liquide broke new ground by creating the first Shareholders' Communication Committee.

Proof of this relationship of trust, at the end of 2009 individual shareholders held 38% of the Group's share capital, representing a real exception in today's stock-markets.

1930

Development of welding

From the introduction of the oxyacetylene torch to modern integrated gas welding solutions, Air Liquide has been instrumental in developing the technology that drove the emerging dockyard and railway industries forward and soon extended into all areas of industry.

1946

New adventures, diving

New adventures shared with Captain Cousteau led to the creation of Spirotechnique (today Aqualung International), which designs, manufactures and sells diving regulators and other equipment used for professional and leisure diving.

1952

The cryogenic revolution

Storing gas in liquid form in cryogenic tanks allowed vast quantities to be transported by road or rail within a 250 km radius of the production site. In 1954, the first liquid oxygen plant was commissioned in the North of France.

1960

Pipeline network strategy

By delivering gas to several customers through pipelines, Air Liquide launched the network approach. Linking its gas production units, through a network of pipelines, multiplied production capacity to meet soaring demand from the large industries: firstly, for oxygen in the steel industry and secondly, for nitrogen in the chemicals industry. The Large Industries business model was launched with customers committing to long-term contracts of 15 years or more.

1961

Space industry

Convinced of the industrial potential of cryogenics, Jean Delorme, Chairman and Chief Executive Officer, decided to create a research centre near Grenoble dedicated to these technologies. The technical center for Low Temperature Applications opened its doors in Sassenage (France) in 1962. The first applications were rapidly integrated in the space industry. For nearly 50 years, Air Liquide has been the historic partner of the Ariane space adventure. The Group's contribution has been as much in the production of the fluids essential for launch (oxygen, hydrogen, helium and nitrogen) and associated services, as in the conception and production of the cryogenic tanks and equipment.

1970

A tradition of inventions

The Claude-Delorme research center was created in the greater Paris region to enhance gas production techniques and their applications (combustion, welding, metalworking, chemicals, electronics, food, respiratory functions, and environmental treatment). It is evidence of the Group's desire to perfectly understand the industrial processes of its customers and develop gas applications to better satisfy their requirements (in terms of quality, productivity and the environment). The Center also develops partnerships with universities and industrialists. The Group currently has eight research centers around the world: in France, Germany, the United States and Japan.

1976

A technological breakthrough

With the Sasol project in South Africa (transformation of coal into synthetic fuel), air gas separation units (ASUs) scaled up, dramatically increasing in size. Following this technological breakthrough, Air Liquide became the leader in large ASUs, and remains so today.

1985

A new market: Electronics

The Group began to supply ultra high purity gases to the semi-conductor industry in Japan. This involves carrier gases, mainly nitrogen, used to make manufacturing rooms inert, and specialty gases that are used directly in the manufacturing process of semi-conductors. In 1987, Air Liquide inaugurated the Tsukuba (Japan) research center fully dedicated to Electronics.

1992

New customer-oriented organization

An organization by geographical area was rolled out throughout the world to promote proximity with customers. Taking the initiative in the field became a priority. In 1995, the organization was restructured by international market with the creation of global customer accounts in Electronics and Large Industries.

1995

Extended offering: hydrogen and steam

In addition to oxygen and nitrogen, as part of its commitment to protecting the environment and promoting energy efficiency Air Liquide extended its offering to hydrogen and steam. To manage the transition and bring added value from the start, the Large Industries industrial basin pipeline strategy was applied by combining customer needs to provide flexibility, new services and cost savings to the customer.

Air for life

Originally, an oxygen supplier to hospitals, Air Liquide became a specialist in the Health sector. The Group launched its Homecare activity and set up a network of dedicated specialist teams. Medical gases were classified as drugs and manufacturers were required to file market authorizations. The Group also developed in the Hygiene sector, an activity that naturally complemented the hospital gases services. Most recently, Air Liquide has launched significant research programs in therapeutic gases, used for anesthesia, pain relief, and post-operative recovery.

2007

Strategic improvements

- Air Liquide developed a systematic strategy to buy out minority interests in joint ventures in Japan and South East Asia and set up shared platforms to support development in the area.
- The Group enhanced and expanded its technological competencies by acquiring the German engineering firm Lurgi which offers a remarkable and complementary technology portfolio, thereby doubling engineering capacity. A new Research & Development Center was inaugurated in the US.
- Four Worldwide Business Lines were created to coordinate competencies and improve reactivity in emerging economies: Industrial Merchant, Large Industries, Electronics and Healthcare.

2008

Launch of the ALMA program to step up growth

The Group's ambition is to be the recognized industry leader, based on a strategy that will help accelerate growth and improve competitiveness. This strategy, encapsulated in the ALMA program, comprises four principles: build leadership positions, drive innovation, boost efficiency and develop talent.

The mid-term objectives are:

- increase average annual revenue growth to between 8% and 10%;
- reduce costs by 600 million euros in three years;
- while maintaining profitable return on capital employed (ROCE).

2009

Resilience of the business model

Within the context of an unprecedented economic crisis, Air Liquide adapted the Group's ALMA program focusing on three priorities, **Cash, Costs and Capex**, confirmed the **resilience of its economic model**, and pursued its development based on its **five growth drivers**.

Activities

The Group classifies its activities down as follows: Gas and Services, Engineering and Construction and Other Activities.

Additional information is available in the “2009 Performance” section of this report.

GAS AND SERVICES

One of the specific features of gas production is the need for local production in order to avoid significant transport costs. Air Liquide gas production units are therefore located throughout the world and can supply several types of customers and industries, according to the volumes and services required. The operational management of Gas and Services activities is organized by region (Europe, Americas, Asia-Pacific and the Middle East and Africa) and coordinated at World Business Line level to better adapt to the changes in the different customer markets:

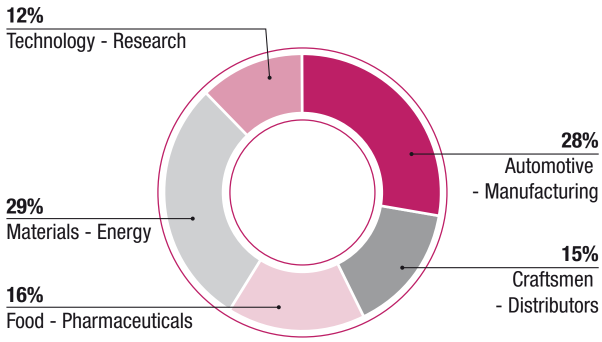
- **Large Industries** manages major production units, serving customers with high gas consumption, requiring delivery through a pipeline;
- **Industrial Merchant** supplies a wide range of different gases to industries of all sizes requiring variable quantities, distributed in bulk (liquid form) or in cylinders for small quantities;
- **Healthcare** supplies medical gases, hygiene products, equipment and services to hospitals and patients in their homes;
- **Electronics** supplies gas and services for the production of semi-conductors, flat panels and photovoltaic panels.

Whether intended for industry or healthcare, gases are distributed in gaseous form through a pipeline, in liquid form in cryogenic trailers, and in gaseous form in cylinders for small quantities or specialty gases. The Gas and Services activities represent 85% of the Group’s total revenue.

Industrial Merchant

The Industrial Merchant business line provides its customers, in a wide range of industries, with reliable, quality and innovative industry-specific gases and services to improve their products and processes. A network of specialist sector experts and researchers constantly maintain and develop the cutting-edge technological know-how that has been built up over decades to ensure the Group’s high standards.

2009 INDUSTRIAL MERCHANT REVENUE BREAKDOWN



2009 revenue: 4,277 million euros,
41% of Gas and Services revenue

The Industrial Merchant business line serves five primary markets:

- **Materials – Energy:** oxygen is supplied to reduce energy consumption and optimize customer manufacturing processes; nitrogen is used for inerting;
- **Automotive – Manufacturing:** argon and argon mixtures are used for welding, oxygen and acetylene for metal cutting, hydrogen and nitrogen for thermal treatment, rare gases for lights and helium for airbags. Air Liquide therefore enables customers to improve their manufacturing processes and preserve the working environment;
- **Food – Pharmaceuticals:** the Group’s technologies help customers to improve shelf-life, freezing processes and product traceability. The three major activities in this market are the supply of CO_2 for beverages, mixtures for modified atmosphere packaging and nitrogen and CO_2 for freezing or inerting;
- **Technology – Research:** industrial gases are used in optoelectronics processes, electronic components assembly, laboratory instrument calibration and in the space and defense industries. Specific highly technical gases have been developed for these applications;

- finally, Air Liquide provides the **Craftsmen – Distributors** sector with a wide range of gases for use in plumbing, heating, ventilation and air conditioning, industrial machinery maintenance and auto repair.

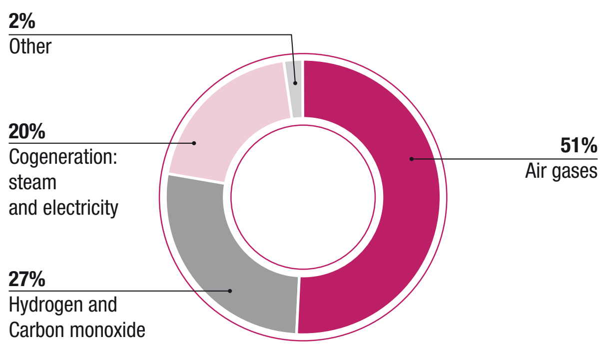
Such gases are supplied to the customer's site in liquid form using dedicated cryogenic trailers, by means of on-site equipment, and, in gaseous form, in high pressure cylinders. Historically, production remains local, with deliveries in general, rarely exceeding 250 km from the production site. Furthermore, Air Liquide leases out tanks fitted with telemeters or cylinders to ensure a reliable and optimized gas supply and quality equipment.

Large Industries

The Large Industries business line proposes gas and energy solutions to world-class industrial companies, essential for their production, to improve process efficiency and to help them better respect the environment.

This business line provides oxygen, nitrogen, argon, hydrogen, carbon monoxide and steam to the metal, chemical, energy conversion and oil and gas sectors through a network of plants and pipelines, which include 265 large Air Separation Units (ASUs) producing nitrogen, oxygen and argon, 38 Steam Methane Reformers (SMRs) producing hydrogen and carbon monoxide and 18 co-generation plants producing energy and steam around the world.

2009 LARGE INDUSTRIES REVENUE BREAKDOWN



2009 revenue: 3,219 million euros, 32% of Gas and Services revenue

In the **metals** sector, oxygen is used to improve energy performance and to reduce emissions.

The **chemicals** industry uses mainly oxygen, hydrogen and carbon monoxide in its manufacturing processes, and nitrogen for inerting.

The **refining industry** requires hydrogen to desulphurize fuels and break up heavy hydrocarbons. The demand for hydrogen is growing due to the combination of ever more stringent emissions legislation and heavier hydrocarbon feedstocks. The oil industry uses oxygen to transform coal and natural gas into fuel or liquid products.

To meet to its customers' requirements, Air Liquide must supply large quantities of gas. Gas is supplied by pipeline from dedicated plants or through a pipeline network. Air Liquide has built out its own pipeline networks over the last 40 years. With a total length of more than 8,500 km, these networks extend, for example, across Northern Europe, from Rotterdam through to Dunkirk, and across the US Gulf Coast from Lake Charles to Corpus Christi. There are several local networks of average size in other specific industrial basins in China, Germany, Italy, Korea and Singapore.

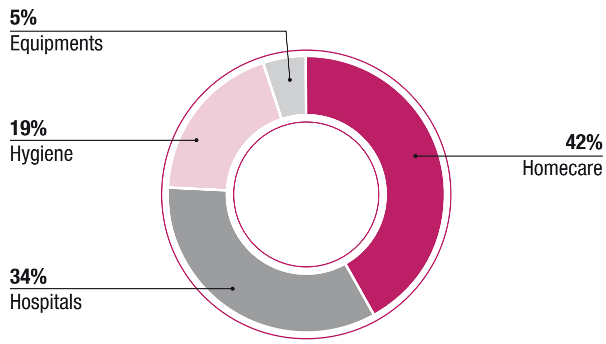
The supply of gas is generally provided through a 15-year contract, which includes indexation of input costs, mainly electricity and natural gas, and guaranteed payment levels through take-or-pay clauses.

Healthcare

The Healthcare business line provides gases, services and hygiene products to more than 6,000 hospitals and 500,000 homecare patients around the world. Air Liquide also manufactures respiratory medical equipment, mainly used in hospitals.

Air Liquide is one of the world leaders in this sector.

2009 HEALHTCARE REVENUE BREAKDOWN



2009 revenue: 1,824 million euros, 18% of Gas and Services revenue

In Hospitals, Air Liquide provides medical gases, such as oxygen and nitrous oxide, for operating rooms, intensive care, emergency care and medical wards. The Group also innovates and develops therapeutic gases used for anesthesia (LENOXe™), resuscitation, pain relief (Kalinox™) and various respiratory ailments (Kinox™). They comply with medical regulations and are generally distributed through dedicated supply systems.

Air Liquide also supplies hospitals with a large range of medical hygiene products (for hands, skin, instruments, surfaces) to fight nosocomial or viral infections. Air Liquide thus contributes to patient safety, particularly in operating rooms and intensive care units. Hygiene products, particularly hydroalcoholic solutions, are also supplied to manufacturers, whose processes require impeccable cleanliness and hygiene.

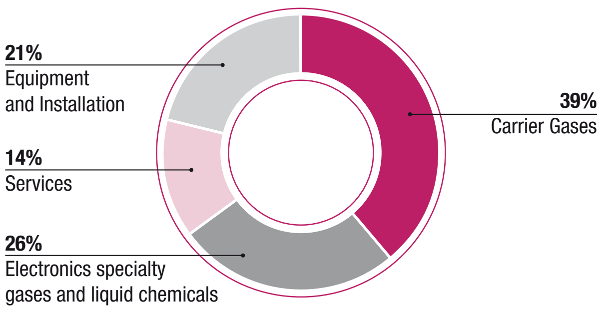
In Homecare, in addition to the supply of oxygen at home, Air Liquide has developed services to treat other chronic conditions, such as sleep apnea and diabetes. By closely monitoring patient prescriptions, Air Liquide is now a key player in patient/doctor relations, contributing to the health of patients and improving the quality of their daily lives.

Over the last 20 years, Air Liquide has become a leading healthcare player in Europe (France, Germany, Italy, the United Kingdom, Spain, the Netherlands), Canada and Australia. The Group also has significant businesses in the United States (medical gases only), South America, Africa and Japan and has recently expanded in Eastern Europe and China.

Electronics

Air Liquide has a dedicated business line supplying the electronics industry with ultra-pure specialty gases and customized services and equipment, used in the production process of semi-conductors, flat panels and photovoltaic cells.

2009 ELECTRONICS REVENUE BREAKDOWN



2009 revenue: 872 million euros, 9% of Gas and Services revenue

Through long-term contracts, Air Liquide provides carrier gases (ultra-pure nitrogen) through small on-site facilities in order to inert customer manufacturing tools, while Electronic Specialty gases (ESGs) are used in manufacturing processes. The Electronics business line also provides just-in-time, high security on-site fluid management services and equipment and installations for gas and chemicals distribution piping and units to equip new customer facilities.

Air Liquide also has a production unit for the specialty gas silane, in a joint venture with a Japanese chemicals company. This gas is of major importance for all manufacturing processes in the Electronics sector, particularly for the manufacturing of photovoltaic cells. The Group recently increased its production capacity to meet the growing needs of the solar panels market. Air Liquide is the leading worldwide supplier of industrial gases and services to the photovoltaic industry.

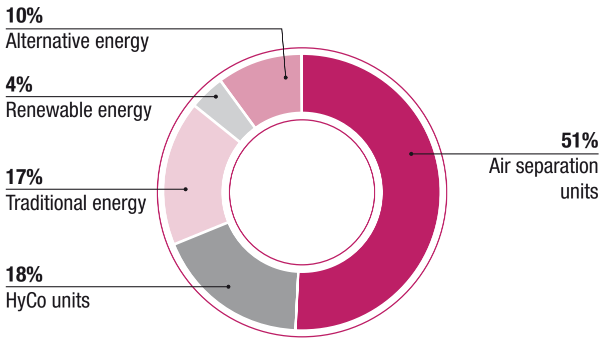
ENGINEERING AND CONSTRUCTION

Air Liquide was founded upon innovation: a new industrial process for the production of gas from air. To provide its customers with the gases required for their industrial production, Air Liquide engineers developed proprietary technologies. For over a century, the Group has therefore designed and produced units for its own use or for sale to customers who prefer to produce their gas requirements internally. Today, Air Liquide is still recognized for its ability to constantly improve ASU productivity based on its mastery of proprietary technologies.

Since the acquisition of Lurgi in 2007, the Group has expanded its range of expertise. It now possesses its own proprietary technologies to produce hydrogen and carbon monoxide through steam-methane reforming, in addition to coal and solid waste gasification and biofuel purification and synthesis technologies. Given the very large quantity of gases required in all these activities, this expanded Engineering and Construction know-how will help the Group to develop processes for its customers upstream and boost its gas and equipment sales growth. Furthermore, Lurgi has provided the Group with its extensive experience with hydrocarbons used in traditional oil processes, alternative processes based on coal and natural gas and in new biomass treatment processes. Some of these processes, at varying stages of development, offer technical solutions to fight climate change by enabling the capture of a virtually pure CO_2 flow issued by industrial sites.

To cover all the Group's primary markets, the Engineering and Construction business has extensive geographical coverage with 13 major engineering centers, including 8 manufacturing workshops, based in North America, Europe (France, Germany, Poland), Asia (China, India, Japan) and South Africa. It generates annual revenue of around 1 billion euros.

CURRENT ENGINEERING AND CONSTRUCTION ORDERS



2009 total orders in hand: 4.4 billion euros, including 2.5 billion euros from third-party orders

ENGINEERING AND CONSTRUCTION GLOSSARY

- Orders in hand represent the contractual value of all Group and third party contracts managed by the Engineering and Construction entities, excluding projects under warranty, from the signature date.
- Order intake represents the sum of all Group and third party contracts which entered into force during the period.
- ASU: Air Separation Unit.
- HyCO: Steam Methane Reformer (SMR).
- Traditional energy: plants built for the refining and basic petrochemicals sectors.
- Alternative energy: plants based on natural gas or coal (such as Methanol and Methanol to Propylene plants, gasification projects) as well as gas cleaning units (Rectisol).
- Renewable energy: biodiesel, bioethanol plants as well as oleochemical units.

OTHER ACTIVITIES

During its history, Air Liquide has developed other activities, directly related to sale of gas and equipment.

Welding and Cutting

Air Liquide is a leading player in the development of welding and cutting technologies, offering the most complete range of related equipment, consumables and services on the market, through internationally renowned brands.

With its Technical Center for Welding Applications, acknowledged as the largest private welding research center in the world, Air Liquide pursues continuous innovation, constantly striving to improve the performance, productivity, safety and comfort of operators.

Specialty Chemicals and Diving

Specialty Chemicals, under the Seppic brand name, develops and markets innovative products (active ingredients, excipients, vaccine adjuvants) used in the fields of healthcare (vaccines and pharmaceuticals) and personal care (cosmetics and nutrition).

Diving, through the Aqualung trademark, markets deep-sea diving equipment.

GAS AND SERVICES COMPETITION

All the Gas and Services activities of the Group compete with local or international players. On a worldwide basis, the Industrial Gases sector comprises four global companies: Air Liquide, sector leader, the German Linde Group, and two American players, Air Products and Praxair.

A number of regional players exist, such as Taiyo Nippon Sanso (in Asia), Airgas (in the US) and Messer (in Eastern Europe). Several new competitors are emerging in developing countries such as Hangzhou Oxygen Plant Group Co, Ltd and Yindge in China and Cryogenmash in Russia. Numerous medium-sized players are also present in local markets.

In **Large Industries**, the customer can choose between self-production and over-the-fence supply. The level of self-production varies strongly depending upon region, sector and customer culture. Nevertheless, self-production remains significant on a worldwide basis, estimated to account for 80% of hydrogen production and 65% of oxygen production. The potential to convert self-production into over-the-fence supply represents a major growth opportunity for the Large Industries business line, which is competing not only with the three other global players in this market but also with local players.

Industrial Merchant is a local business, as transport costs limit a player's operating area to within 250 km of its production unit. This market, which is highly diversified due to the size and activity of its customers, thus includes numerous small local competitors.

In **Electronics**, the market is more concentrated with two companies playing a major role: Air Liquide and Air Products.

Finally, in **Healthcare**, most of the gas industry players provide hospitals with oxygen, but few are present on the promising therapeutic gas market. In the higher growth segment of Homecare, the market remains fragmented with limited presence of the three global gas companies, several healthcare specialists and a multitude of small, local organisations. This fragmentation provides acquisition opportunities for the Group. Finally, Air Liquide is the only industrial and medical gas producer to have developed a Hygiene activity. Air Liquide positions itself as a fully-fledged player in the Health sector, which represents a significant differentiating factor.

Research and Development

Research and Development (R&D) is a major component of innovation. It relies on eight research centers – in France, Germany, Japan and the United States – and satellite teams working directly at our customers' sites. Its 1,000 researchers of 30 nationalities make up a talent reservoir for the Group.

In a close relationship with around 100 academic research laboratories worldwide and working directly with key industrial partners, R&D employees are continuously improving the Group's gas production technologies, developing new applications and services and providing the entire Group with their technical expertise.

Through large-scale projects, the organization enables the Group to work on long-term objectives and be responsive in terms of safety, process reliability and marketing.

The Group's Research and Development teams focus on three major issues: a sustainable environment, a communicating world and a healthier life.

A SUSTAINABLE ENVIRONMENT

Limiting CO_2 emissions into the atmosphere

The capture and storage of CO_2 emitted by industries, particularly the steel and energy production industries, has become essential to worldwide growth. These technologies make possible the use of available fossil fuels while respecting the environment. Air Liquide continues to be involved in several demonstration projects designed to reduce CO_2 emissions.

In France, Air Liquide along with the Total group, is a partner in the first European pilot project, started up successfully in January 2010, incorporating the complete chain of CO_2 capture, transport and storage. One of the five existing steam boilers in Lacq (south of France) was converted to oxycombustion in order to capture CO_2 emissions which are then purified, compressed, and injected into a depleted natural gas deposit at a depth of 4,500 meters.

Air Liquide has also initiated the first Education and Research Chair on CO_2 capture, transport and storage, in conjunction with the MINES ParisTech graduate school and the City of Le Havre (France). Signed on June 30, 2009 for an initial term of five years, this chair will finance research by students, based on around ten doctorate thesis. With the help of local communities, it will also promote awareness of CO_2 issues and the need to control CO_2 emissions. The creation of this chair, co-signed by local partners, university laboratories and industrial partners, is another example of the Group's commitment to sustainable development and the fight against climate change.

Developing new energies

The Group is involved in several technologies related to environmentally friendly energies. The expertise developed in hydrogen energy for the last several years gives it a leading role in many projects in Europe and North America for example the Olympic Winter Games in Vancouver, Canada.

The Group is also very present in solar energy. Apart from supplying ultra pure gases for photovoltaic cell manufacturing, it continues to carry out research on new technologies for reducing cell production costs, in partnership with several research institutes.

Lastly, the acquisition of Lurgi in 2007 has opened up new prospects in biofuels, especially second generation biofuels, using the non-edible part of plants, whose production requires large amounts of oxygen and/or hydrogen. Air Liquide is a partner of the second generation biofuel project in Bure-Saudron, in the North-East of France. This demonstration unit, combining the various components for second generation biofuel production in a single installation, will be the first production unit of this type in France.

A COMMUNICATING WORLD

Electronics: the revolution continues

Electronics means entering the universe of the infinitely small: a 2 cm^2 chip can contain up to one billion transistors and this number should be increased tenfold in the next eight years. To carry out this feat, manufacturing technologies are constantly changing. In particular, they use new molecules, called advanced precursors. Air Liquide is a stakeholder in this adventure and for many years has been developing a range of patented molecules (ALOHA™) custom designed for the latest generation processes. Through its research teams working in the heart of the three major electronics zones (Asia, Europe and North America), the Group maintains extremely close relations with its customers and equipment-making partners. This proximity provides it with in-depth knowledge of its customers' needs and enables it to anticipate technological trends.

The year 2009 was marked by numerous successes in the ALOHA™ range with the transfer or selection of molecules at equipment-maker or customer sites, particularly for the manufacture of tantalum, strontium and ruthenium-based electrical contacts. Among these molecules, ToRuS™, developed and patented by Air Liquide teams, makes it possible to deposit very thin layers of ruthenium made up of only a few atoms. ToRuS™ is now used by several Group customers. At the 2009 SEMICON Europe trade fair, 25,000 professionals from the world's electronics industry voted ToRuS™ the "Best Enabling Material", an award for inventions that contribute to major breakthroughs in electronic component manufacturing.

A HEALTHIER LIFE

In the world of healthcare, Air Liquid launched a research program in 2005 dedicated to medical gases and their therapeutic hospital and homecare applications in the areas of respiratory illness, anesthesia, pain relief, neurological diseases and to improve cell and organ conservation.

New therapeutic gas applications

The 2007 authorization to market LENOXe™ in Europe enabled the opening of new investigator centers, participating in European clinical studies with a view to extending market approval to cover more indications.

Research work on respiratory diseases has primarily focused on the effectiveness of a helium-oxygen mixture in treating severe asthma and the caring for chronic obstructive bronco-pulmonary (COBP) disease, particularly for patients in intensive care.

Care for patients suffering from COBP has also been improved by better monitoring of home care patients. Accordingly, a new medical device developed by research teams and designed to remotely monitor the treatment of patients is being tested on patients in 35 centers in Europe.

Another major research track is pain relief. In the same vein as KALINOX™, launched in 2002, certain therapeutic gases proved to be highly effective on experimental models. These results enabled the first human trials for the treatment of painful post-operative symptoms at the Erlangen hospital in Germany.

Drugs administered via the respiratory tract

Air Liquide is also pursuing research on inhalation therapies; in other words, the administration of drugs via the respiratory tract, which has several advantages: facility of use, effectiveness and reduction of secondary effects. These therapies can also be used as home treatment, which represents a real improvement in the daily life of patients.

In 2008, the Group also initiated a research program with the Center for Integration of Medicine and Innovative Technology (CIMIT), a non-profit consortium in Boston (USA). The CIMIT brings together clinicians, scientists and engineers. Together, they design innovative technological solutions with direct medical applications in order to improve the quality of life of patients – a concern shared by Air Liquide, which has been a forerunner in the respiratory care market. Through this partnership, Air Liquide now has access to an extensive network of experts in the United States specializing in inhalation therapy.

Risk Management

The Report from the Chairman of the Board on the Company's internal control procedures presents the Group's organization and procedures for managing risks (see Corporate Governance Chapter).

SPECIFIC BUSINESS-RELATED RISKS

Various factors, specific to Air Liquide and more generally to the industrial gas business, limit the risks to which the Group is exposed. These include the diversity of customers, of industries served, of countries in which the Group operates, and the significant share of the business that is subject to specific contracts, as well as a strict authorization and project management process.

Technological risks

The Group's activities are not dependent on third party patents. The manufacturing processes have been developed by the Group's Research and Development teams for over 100 years and are protected by the registration of more than 100 patents related to manufacturing process out of a total of 280 patents registered per year.

Business-related risks

A significant part of the Industrial Gases business is subject to specific customer contracts. For Large Industries and a third of the Electronics business, the respective 15-year and 10-year take-or-pay secured contracts, ensuring a guaranteed minimum revenue, provide strong cash flow predictability. One-to-seven year tank and cylinder leases ensure the continuity of gas supply for the Industrial Merchant business. Business-related risks are therefore limited to the risk of customer bankruptcy. The scale of this risk is itself significantly reduced due to the wide selectivity and diversity of Group customers. Customer risks are described in the Financial Risks - Counterparty and Liquidity Risk section on page 19.

Project-related risks

The Group may be exposed to project risks linked principally to project location, customer quality and competitiveness of the site as well as to design, cost estimation and construction of gas production plants. This risk is permanently managed through very strict internal processes set up for investment decisions by the Resources and Investment Committee and in which the Executive Committee Management is extensively involved. The investment decision-making process is explained in the Strategy, Investment and Outlook section on page 34.

Supply-related risks

Given the geographical spread of its business, the Group's supply contracts are diversified. The main raw materials are electricity and natural gas. The Group passes on cost variations to its customers via indexed invoicing integrated in medium and long-term contracts which effectively transfer volatility to customers. At the same time, local market permitting, the Group develops a long-term supply policy for these resources and competitive bidding for local suppliers so its customers can benefit from the most advantageous energy costs. Commodity risk is described in Note 29.2 to the Consolidated financial statements on page 189.

Engineering and Construction activity-related risks

Air Liquide enters into major contracts in order to design and build plants for customers and the Group worldwide.

These contracts normally extend over several years. Potential risks inherent to the Engineering and Construction business may arise. Unexpected technical problems may also arise as a result of new innovative processes being implemented. Preliminary tests on pilot plants and semi-commercial units reduce such risks prior to commercial implementation. Delivery times and costs for critical equipment may also have an impact on project schedules and profitability. Certain costs are linked to market conditions, such as site construction activities, and could lead to uncertainties at the beginning of the project. This could have an impact on the profitability of the projects. Some projects are located in regions that may be a source of political risk. Constant monitoring of developments in such regions over the long term limits such risk. The impact of all risks described here above depends also on the contractual commitments taken *vis-à-vis* the customers.

Given the specific risks related to this activity, the Group has set up the Engineering Risk Committee. It reviews ongoing proposed project performances before signing commercial offers, identifies risks and opportunities, validates risk mitigation measures and manages the contractual commitments.

INDUSTRIAL AND ENVIRONMENTAL RISKS

Industrial and environmental risks are detailed in the specific report on Sustainable Development in the Reference Document.

The Safety and the Environment section of this report indicates the number of sites under the European Seveso directive and the number of equivalent sites worldwide, electrical and thermal energy consumption, water consumption, emissions into water and the atmosphere, waste and by-products, the distance covered by delivery trucks and progress made towards quality (ISO 9001) and environmental (ISO 14001) certifications.

This section also includes:

- the Group's safety policy, a key priority, with a formal objective of "zero accident, on every site, in every region, in every unit", as well as the safety results for the past 18 years;
- the deployment and audit of the Industrial Management System (IMS) designed to consolidate the management processes concerning safety, reliability, environmental preservation and risk control for all the Group's industrial activities worldwide.

FINANCIAL RISKS

The Group's financial policy and financial risk management principles are defined and their implementation monitored by the Finance Committee. This Committee is comprised of members of the General Management, the Finance Director and representatives from the Finance Department. The Finance Department also analyzes country and customer risks as part of investment decisions and participates in Resources and Investment Committee meetings.

Foreign exchange risk

Since industrial and medical gases are not transported over long distances, most products are manufactured in the country where they are sold. Thus, the risk of currency fluctuations affecting the Group's activities is limited and transactional risk is marginal. Foreign exchange transaction risk is related to cash flows arising from royalties, technical support and dividends, and foreign currency commercial cash flows from operating entities. These commercial cash flows in foreign currencies are not material when compared to consolidated revenues on an annual basis. This foreign exchange transaction risk is managed through the hedging policy implemented by the Finance Department.

Furthermore, the Group provides a natural hedge and reduces its exposure to exchange rate fluctuations by raising debt in the currency of the cash flows generated to repay debt. In countries outside the euro, US dollar and yen zones, financing is raised in local currency or when contracts are indexed in euros or US dollars, in foreign currency (EUR or USD).

Finally, regarding foreign exchange translation risk (translation of local currency financial statements into euros), the sensitivity to the two main foreign currencies – the US dollar (USD) and the yen (JPY) – is indicated in Note 29.2 to the Consolidated financial statements.

This note also describes the foreign exchange transaction risk management process and the derivative instruments used.

Interest rate risk

The Group's objective is to reduce the impact of interest rate fluctuations on its interest expenses and, guided by the principle of prudence, to finance long-term assets with shareholders' equity and fixed-rate long-term debt. Since most of Air Liquide's activities are based on long-term contracts (10 to 15 years), a policy promoting interest rate risk hedging ensures control over financing costs when deciding on long-term investments.

Group policy is to maintain over a medium to long-term period a majority of total debt at fixed rates, mainly by using option hedges. This approach enables the Group to limit the impact of interest rate fluctuations on financial expenses.

Air Liquide interest rate risk management on its main currencies – euro, US dollar and yen – is centralized. These currencies represent 87% of total net debt. For other currencies, the Finance Department advises the subsidiaries on hedging their foreign currency exposure in accordance with financial market regulations prevailing in each country. The Finance Committee determines the fixed rate/floating rate ratio for each currency and approves the hedging instruments used.

Note 29.2 to the Consolidated financial statements describes the sensitivity of the Group's financial expenses to interest rate fluctuations and the interest rate repricing schedule for fixed-rate debt and interest rate hedging instruments.

Counterparty and liquidity risk

Potential counterparty risks for the Air Liquide Group involve customer accounts and bank counterparties. Bank counterparty risk primarily relates to the outstanding amounts of financial instruments and to the lines of credit contracted with each bank.

The Group's subsidiaries serve a very large number of customers (over 1 million worldwide) in a broad range of industries: chemicals, steel, refining, food, pharmaceuticals, metals, automobile, manufacturing, health, research laboratories, photovoltaic, etc. The Group's top customer represents less than 2% of revenue, the Group's top 10 customers represent 12% and the top 50 customers represent approximately 25% of revenue. The geographical risk is limited by the Group's long-term presence in 75 countries, spread across all continents. This diversity mitigates customer and market risks.

To ensure its development and independence, the Group must have sufficient and permanent sources of liquidity, meaning adequate financing resources available at any time and at the lowest cost with respect to banks and financial markets. The Group policy is to spread over time the maturity of long-term debt in order to avoid concentration of annual refinancing needs.

Note 29.2 to the Consolidated financial statements describes the counterparty and liquidity risk for the year ended December 31, 2009. Notes 7, 20.1 and 20.2 to the Consolidated financial statements describe the breakdown of trade and other operating receivables and allowances for doubtful receivables.

LEGAL RISKS

The Group has a worldwide presence. Its companies operating industrial and medical gas production units must comply with the rules and regulations in force locally, particularly in the technical field.

Furthermore, in Healthcare, certain products may be subject to drug regulatory control.

As indicated in the Report from the Chairman of the Board of Directors on the internal control and risk management procedures implemented by the Company (p. 88 of this Reference Document), the risks relating to contracts and competition law, as well as anti-corruption issues, are specifically monitored.

At this time, the Group has no knowledge of any exceptional facts or litigation (governmental, judicial or arbitration proceedings), including in the very recent past, which could significantly affect its assets, financial situation, activities or results.

INSURANCE MANAGEMENT

The Group has adequate insurance coverage, underwritten by first-rate insurers, for civil liability, property damage and business interruption.

Property damage and business interruption

Group property and business interruption are covered by property and casualty insurance policies underwritten in each country in which the Group operates. Most all of these policies are integrated into an international program.

These policies, which are generally of the "All Risks" form, cover fire, lightning, water damage, explosions, vandalism, impact, machinery breakdown, theft and, depending on the country and in limited amounts, natural disasters.

Business interruption is insured for most production sites under these same policies.

The coverage period for business interruption is 12 to 18 months.

Deductible amounts are proportional to the size of the sites.

The Group has retained a portion of property damage and business interruption risk through a captive reinsurance company in Luxembourg. This captive reinsurance company is fully integrated within the property damage and business interruption international program. This company covers losses of up to 5 million euros per loss over and above the deductibles to a maximum of 10 million euros per year. Beyond these amounts, risks are transferred to insurers. The captive reinsurance company is run by a captive manager approved by the Luxembourg Insurance Commission.

This reinsurance company is fully consolidated. Its balance sheet as of December 31, 2009 totaled 32.3 million euros.

Insurers conduct regular visits at the main industrial sites for risk prevention purposes.

Civil liability

In terms of civil liability, the Group maintains two separate coverages, one for the North American zone and another for the rest of the world. The North American zone is covered by insurance underwritten in the United States. For the other zones, the Group has subscribed an umbrella policy, underwritten in France, which covers both the Company and its subsidiaries outside of the United States and Canada, beyond any local coverage provided for the subsidiaries.

These two policies cover liability of the Group companies for any damage they might cause to a third party in the course of doing business (operational risk) or arising from their products (product risk). Furthermore, with certain limitations, these policies cover pollution risk and product recall costs.

The coverage amounts underwritten exceed 500 million euros. Both policies are built on several overlapping insurance lines and each line has been underwritten for a given amount with several insurers sharing the risk. Beyond the first line, the upper lines pick up the excess risk from the lower lines.

The policy underwritten by the Company in France serves as an umbrella for subsidiaries outside of North America. Under this umbrella, each foreign subsidiary has its own policy covering damages to third parties incurred through its activities or products. The amount insured for each subsidiary in its policy depends on the amount of its revenue. The coverage under the Group's umbrella policy is supplemental to any local amounts.

The main exclusions are deliberate acts, war, nuclear incidents and repair of defective products.

2009 Performance

In 2009, the Group demonstrated its ability to manage its Cash, Costs and Capex and achieved its objective of 2009 revenue and net profit close to the levels of those of 2008, in an unprecedented economic downturn.

2009 REVENUE

In millions of euros	2008	2009	2009/2008 published % change	2009/2008 comparable % change (a)
Revenue	13,103	11,976	-8.6%	-6.2%
of which Gas and Services	*11,028*	*10,192*	*-7.6%*	*-4.8%*
Operating income recurring	1,949	**1,949**	=	
Operating income recurring as % of revenue	14.9%	**16.3%**	+140 bp	+80 bp (b)
Net profit (Group share)	1,220	**1,230**	+0.8%	
Net profit per share *(in euros)*	4.70	4.70	=	
Dividend per share *(in euros)*	2.25	**2.25**	=	
Net cash from operating activities	2,293	**2,452**	+6.9%	
Net debt	5,484	**4,891**	€- 593 M	
Debt to equity ratio	80% (c)	**63%**		
Return On Capital Employed – ROCE after tax (d)	12.2% (c)	**11.6%**		

(a) Excluding natural gas and exchange rate impacts.
(b) Excluding the natural gas impact.
(c) After change of accounting method on Employees Benefits. See Note 2 of the Consolidated financial statements.
(d) Return On Capital Employed after tax: (net profit after tax before minority interests – financial income (expense) after taxes)/weighted average for the year of (shareholders' equity + minority interests + net indebtedness).

SUMMARY

Group revenue was close to 12 billion euros, with Gas and Services sales representing 10 billion euros, with a limited decrease of -4.8%, excluding the impacts of exchange rates and the decline in natural gas prices.

Operating income recurring was stable at 1,949 million euros, compared to the previous year, representing a significant increase in operating margin which totaled 16.3%, up +140 basis points.

Net profit (Group share) totaled 1,230 million euros, up +0.8%, and net profit per share remained stable at 4.70 euros.

The dividend per share to be submitted to the vote of the Annual General Meeting of May 5, 2010 was maintained at 2.25 euros, representing a 49.5% pay-out ratio.

Net cash from operating activities amounted to 2,452 million euros, up +6.9% and net debt decreased by -593 million euros. The net debt to equity ratio amounted to 63% and ROCE remained stable between 11% and 12%, in line with objectives.

2009 HIGHLIGHTS

In 2009, despite an unprecedented economic downturn, **Group net profit was up**.

The robustness of Air Liquide's businesses was confirmed. Based on the diversity of its markets and customers, its worldwide presence and the strength of its contracts, the downturn in Gas and Services revenue was limited to -4.8% at constant currency rates and natural gas prices, whereas decreases in industrial customer volumes exceeded -20%.

As from the end of 2008, the ALMA program focused on three priorities, **Cash, Costs and Capex,** to enable the Group to limit the impact of the economic downturn on performance and preserve the Group's fundamentals without jeopardizing its growth momentum.

As soon as the first signs of a decline in industrial activity appeared, **cost cutting** programs were stepped up, based on the Goal projects that were already identified under the ALMA project. Quick results were obtained due to the commitment and reactivity of all teams throughout the Group. The economic context also facilitated renegotiations of certain procurement contracts. Overall, structural Goal efficiency gains of 335 million euros were reported by the Group in 2009, significantly exceeding the 300 million euro objective, reassessed at the beginning of 2009.

The Group also significantly reinforced supervision and reporting of its **working capital**, particularly its customer receivables in a high-risk climate. The amount of capital employed was gradually reduced through standardization, design-to-cost and asset management optimization, already clearly identified in the ALMA Capital project, such as pooled cylinder management and purchases of equipment.

At the same time, capital expenditure was limited or delayed, due to the desire for greater selectivity in investments and also, in some cases, the postponement by certain customers of their projects.

The combination of these initiatives helped to significantly reduce the Group's net debt, and the debt to equity ratio which reached 63% at the end of 2009, compared to 80% at the end of 2008.

The medium-term potential of our markets remains intact. At December 31, 2009, our portfolio of investment opportunities had returned to its early 2008 level (3.7 billion euros). The crisis has not dented the potential of our five growth drivers (Health, Energy, the Environment, High-Tech, and Emerging Economies), but has on the contrary acted as an accelerator, with 80% of our 12-month investment opportunities now being in emerging economies.

In 2009, the Group confirmed the resilience of its businesses and its capacity to achieve a regular performance. The ALMA project has played a decisive role in rallying the teams to focus on the achievement of the objectives fixed for the year.

Hence, the Group enters 2010, stronger, with an improved financial structure, while having preserved its development potential.

2009 INCOME STATEMENT

Revenue

In millions of euros	2008	2009	2009/2008 published % change	2009/2008 comparable % change
Gas and Services	11,028	10,192	-7.6%	-4.8%
Engineering and Construction	1,081	995	-8.0%	-7.9%
Other Activities	994	789	-20.6%	-20.8%
TOTAL REVENUE	**13,103**	**11,976**	**-8.6%**	**-6.2%**

UNLESS OTHERWISE STATED, ALL OF THE CHANGES IN REVENUE OUTLINED BELOW ARE ON A COMPARABLE BASIS (EXCLUDING THE IMPACT OF CURRENCY AND NATURAL GAS).

Group revenue totaled **11,976 million euros** in 2009, down -8.6% on a reported basis (-3.5% due to falling natural gas prices, +1.1% from currency impact mainly due to the appreciation of the US dollar and yen against the euro) and **down -6.2% on a comparable basis**. The 2008 performance, based on very dynamic activity that continued until the end of the fourth quarter, despite the onset of the economic slowdown, had an unfavorable effect on the base comparison.

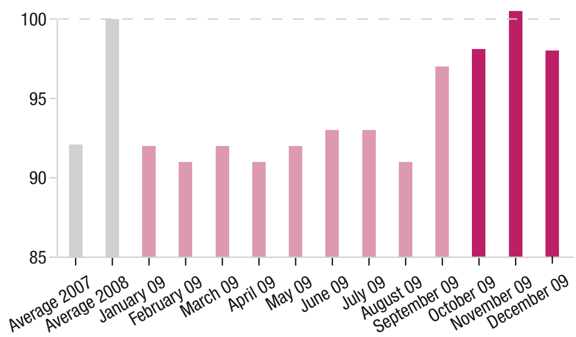
GAS AND SERVICES

Gas and Services revenue totaled 10,192 million euros, representing a limited decrease of -4.8% on a comparable basis, demonstrating the solidity of the Gas and Services business model.

The worldwide decline in industrial activity had a gradual impact on Gas and Services activity as from October 2008, with an initial decrease in Large Industries volumes, then a decline in bulk gas demand and finally a decrease in cylinder activity which reached a low point in April 2009.

MONTHLY ACTIVITY INDEX BASE 100, 2008 AVERAGE *

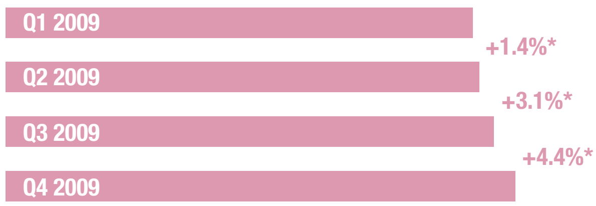
BASE 100 - 2008 AVERAGE



** Comparable revenue, adjusted for the number of days per month.*

Since April, there has been a gradual upturn in volumes, with a step-up in sequential quarterly growth.

SEQUENTIAL QUARTERLY REVENUE GROWTH IN 2009



** Comparable growth.*

At the year-end, the monthly activity indicator showed that activity gradually approached the average level for 2008. 15 projects were started-up in 2009 and contributed +3% to sales. Large Industries remained stable, while Healthcare reported growth. Industrial Merchant and Electronics were more significantly impacted.

In the fourth quarter of 2008, the Electronics business reported substantial equipment sales which raised the basis for comparison for 2009.

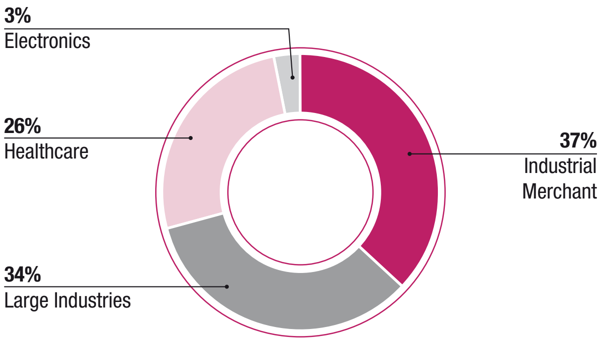
Revenue *In millions of euros*	**2008**	**2009**	**2009/2008 published % change**	**2009/2008 comparable % change [(a)]**
Europe	6,105	5,773	-5.4%	-2.9%
Americas	2,660	2,274	-14.5%	-4.5%
Asia-Pacific	2,066	1,909	-7.6%	-12.7%
Middle East and Africa	197	236	+19.8%	+17.9%
Gas and Services	**11,028**	**10,192**	**-7.6%**	**-4.8%**
Industrial Merchant	4,609	4,277	-7.2%	-8.4%
Large Industries	3,675	3,219	-12.4%	-1.0%
Healthcare	1,700	1,824	+7.3%	+7.4%
Electronics	1,044	872	-16.5%	-21.8%
Gas and Services	**11,028**	**10,192**	**-7.6%**	**-4.8%**

(a) Excluding currency and natural gas impacts.

Europe

Sales amounted to **5,773 million euros**, down **-2.9%**. Despite a sharp decline in industrial demand, European sales benefited from sustained growth in the Healthcare sector, an increasing number of new production facilities, downside protection from the long-term contracts in Large Industries and the diversity of customers and applications in Industrial Merchant.

GAS AND SERVICES REVENUE IN EUROPE



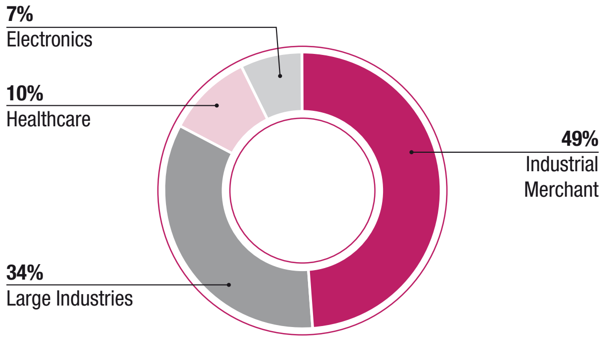
2009 revenue: 5,773 million euros

- **Industrial Merchant** reported a **-8.9%** decline due to the sharp decrease in the demand for bulk volumes from the start of the year, followed by the gradual fall in demand for cylinders in the first quarter. A low point was reached in the second quarter followed by a gradual turnaround in volumes, which was more significant in Eastern Europe. Demand in the Automotive, Manufacturing, Materials and Energy sectors decreased significantly, and the more resistant sectors such as Food, Pharmaceuticals and Technology remained stable or declined slightly. Demand in cylinders for craftsmen and the distribution network remained relatively low. Nevertheless, the impact of pricing campaigns in 2008 and early 2009 attenuated the sales decline.
- **Large Industries** limited its decline in revenue to **-2.3%**, despite a very significant decrease (-22%) in the demand for oxygen from year-end 2008. This sound performance was attributable to ramp-ups, particularly the major cogeneration plant in Rotterdam and a start-up in Portugal. Hydrogen volumes remained relatively stable during the period due to sustained demand by refiners. The impact of the reduction in electricity prices, passed on directly to customers via indexation clauses, was felt in a few European countries during the second half.
- **Healthcare** rose by **+7.3%**, backed by the growth in the Homecare sector, particularly services related to the supply of oxygen and new treatments for areas such as sleep apnea or diabetes. Hospital gas activity growth continued but with less acceleration than in previous years. Growth accelerated slightly in the second half of the year due to a very active Hygiene business. Demand remained very steady in hospitals and businesses, due to prevention measures against the H1N1 flu pandemic.
- **Electronics** reported a **-9.9%** decline in activity, due to the general slowdown in the demand for electronics products. Nevertheless, in the fourth quarter, the sale of equipment relating to new gas supply contracts for the Photovoltaic sector attenuated the impact of this low demand.

Americas

Gas and Services revenue in the Americas totaled **2,274 million euros**, down **-4.5%**. The solid performance in terms of demand and price in Latin America only partially offset the general decline in business in North America.

GAS AND SERVICES REVENUE IN THE AMERICAS



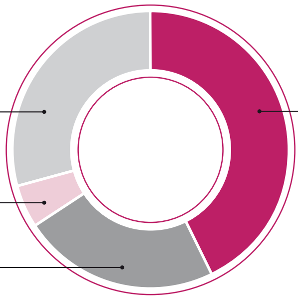
2009 revenue: 2,274 million euros

- **Industrial Merchant** activity, which declined by **-8.6%**, was marked by the sharp decrease in industrial activity throughout the region, even though business gradually turned around in the second half of the year. The fall in volumes was slightly offset by price increases across the entire region.
- With no major start-ups during the year, **Large Industries** reported a **-1.8%** decline in sales. This resilience was attributable to a sharp upturn in chemicals demand in the Gulf of Mexico starting in the second quarter. Very low natural gas prices improved the competitiveness of US chemical companies worldwide. Thus, by the fourth quarter, demand had reached the 2008 level. Two blast furnaces resumed operations in Canada in the third quarter, promoting a turnaround in oxygen demand in the Hamilton basin. Hydrogen demand remained constant due to the sustained activity of refineries.
- **Healthcare** revenue rose by **+8.4%** due to the steady growth of medical gases for hospitals and the boost in the Homecare sector in Latin America.
- **Electronics** reported a **-9.5%** decrease in line with the declining sector activity. Nevertheless, a sharp recovery in the demand for specialty gases, used in the production of semi-conductors and flat panels, became apparent from the third quarter.

Asia-Pacific

With revenue of **1,909 million euros**, down **-12.7%**, performances in the Asia-Pacific region were sharply contrasting; a significant decline in industrial demand in Japan, particularly in the Electronics sector, and stability elsewhere in the region, due to steady growth and major start-ups in China.

GAS AND SERVICES REVENUE IN ASIA-PACIFIC



2009 revenue: 1,909 million euros

- **Industrial Merchant** activity declined by **-10.8%**, due to the sharp decrease in volumes throughout the year in Japan and stable demand elsewhere in the region, strengthened by the start-up of new liquid facilities in China and a speedy economic turnaround, beginning in the second quarter, in China and neighboring countries.
- **Large Industries** reported a **+6.4%** increase in revenue, due to the start-up of two major air separation units for the steel industry in China and sustained growth in the country. Oxygen volumes therefore doubled in China and hydrogen demand sharply increased in China, Singapore and Korea.
- **Electronics** reported a **-28.1%** decrease for the year, suffering the brunt of the decline in semi-conductor and flat panel production across the region and a negative base effect arising from the substantial equipment sales in the second half of 2008. However, there was a turnaround in specialty gas sales starting in the second quarter of 2009, with greater momentum in South-East Asia than in Japan. The weakness of customer investments in new manufacturing units weighed heavily on equipment and installation sales over the entire period.

Middle East and Africa

Middle East and Africa revenue totaled **236 million euros**, up **+17.9%** due to the ramp-up of Large Industries production units in Kuwait, Oman and Egypt. Sales synergies were created in the industrial basins where the Group is present through new bulk and cylinder distribution facilities acquired in the Middle East.

ENGINEERING AND CONSTRUCTION

Due to the continuation and delivery of major projects in China, Korea and South Africa, **Engineering and Construction** revenue totaled **995 million euros**, in line with the billion euro annual sales target. However, internal and third-party order intake declined to 826 million euros for the year, compared to 1.4 billion euros in the previous year. Nevertheless, contract signings accelerated in the fourth quarter representing almost half of total orders for the year, which is an encouraging sign for future quarters.

Orders in hand amounted to 4.4 billion euros.

See the Engineering and Construction glossary on page 13.

OTHER ACTIVITIES

Revenue *In millions of euros*	**2008**	**2009**	**2009/2008 published % change**	**2009/2008 comparable % change [(a)]**
Welding and Cutting	614	420	-31.5%	-31.2%
Specialty Chemicals and Diving	380	369	-3.0%	-4.0%
TOTAL	**994**	**789**	**-20.6%**	**-20.8%**

(a) Comparable: excluding currency impact.

Welding and Cutting revenue, which fell by **-31.2%**, bore the brunt of the economic crisis with a sudden decline in activity from the end of 2008 and intense pricing pressure. All product lines were concerned. Welding-Cutting activity, which is closely linked to the investment cycle, has not shown any signs of recovery yet.

Specialty Chemicals (with Seppic) and **Diving** (with Aqualung) showed solid resistance during the year, the crisis having had little impact on sales.

Operating income recurring

In 2009, Group operating income recurring amounts to **1,949 million euros**, on a par with 2008 despite the revenue decrease, denoting significant leverage. The operating margin (operating income recurring as a percentage of revenue) rose substantially by **+140 basis points,** and by +80 basis points excluding the positive impact of the decrease in natural gas prices that was passed on to customers. Operating margin reached a record level of 16.3%.

This performance was attributable to major reductions in Group costs. Improvements under the **Goal project resulted in cost efficiencies of 335 million euros**, surpassing the year's target of 300 million euros. Hence, the ALMA program 3-year Goal target of 600 million euros has almost been reached after only two years, with a total of 565 million euros.

In 2009, efficiency represents a reduction of -3.3% on the cost base. Nearly half of this improvement comes from the introduction of global or regional procurement. The remainder results from the reduction in energy consumption, the rationalization of logistics and numerous industrial optimization projects.

Operating income recurring before depreciation and amortization totaled 2,969 million euros, up **+0.9%**. Depreciation and amortization totaled 1,020 million euros, up +2.7% due to the continued start-up of new entities.

Explanation of the natural gas impact: natural gas is a raw material essential to the production of hydrogen and cogeneration units. All Large Industries hydrogen and cogeneration contracts have clauses indexing sales to the price of natural gas. Hence, when the price of natural gas varies, the price of hydrogen or steam for the customer varies according to indexation clauses.

When the price of natural gas increases, revenue and costs are inflated in a similar manner without impacting significantly the Operating income recurring. This mechanism has a negative effect on the operating margin.

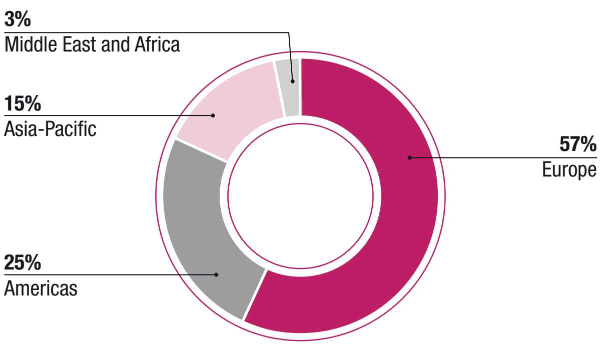
Conversely, when the price of natural gas decreases, revenue and costs decrease, which has a positive effect on the operating margin.

In both case, the effects do not change the intrinsec profitability of the activity.

GAS AND SERVICES

Gas and Services operating income recurring totaled **1,994 million euros**, up **+2.3%**, despite the revenue decrease. The operating margin (operating income recurring as a percentage of revenue) therefore amounted to **19.6%**, an improvement of **+190 basis points**, and of +100 basis points excluding the natural gas impact. Efficiency and price increases offset the impact of declining volumes and rising costs by more than 95%. A sharp improvement was noted in all regions, except for Asia-Pacific which was badly impacted at the start of the period by the sudden decline in the Electronics business.

GAS AND SERVICES OPERATING INCOME BY GEOGRAPHICAL AREA



2009 Gas and Services Operating income recurring:
1,949 million euros

2009 GAS AND SERVICES OPERATING MARGIN

	Margin [(a)]
Europe	19.7%
Americas	21.5%
Asia-Pacific	15.9%
Middle East and Africa	27.5%
TOTAL	**19.6%**

(a) Operating income recurring margin on revenues.

In **Europe**, operating income recurring totaled **1,136 million euros**, up **+0.5%**. The operating margin increased by **+80 basis points**, excluding the natural gas impact.

Operating income recurring in the **Americas** totaled 489 million euros, up **+10.7%**, representing an operating margin improvement of **+220 basis points,** excluding the natural gas impact.

In **Asia-Pacific**, operating income recurring stood at **304 million euros**, down **-6.7%**. This, however, reflects stable operating margin, excluding natural gas.

In the **Middle East and Africa**, operating income recurring totaled 65 million euros, up **+29%**, representing a **+200 basis point** increase in operating margin.

ENGINEERING AND CONSTRUCTION

Engineering and Construction operating income recurring, amounted to **82 million euros**, or 8.3% of revenue, **up +57%**. The consolidation of Lurgi is completed and the operating margin is in line with the sector benchmark.

OTHER ACTIVITIES

For the Group's Other Activities, operating income recurring totaled **43 million euros**, compared to 122 million euros in 2008, principally due to the sharp decline in Welding-Cutting activity.

Research and Development and corporate costs amounted to **170 million euros**, down **-2.3%**, due to a decrease in corporate general expenses partly offset by an increase in research costs fundamental to maintaining growth from innovation.

Net profit

Net profit (Group share) rose by **+0.8%**, due to the contribution of other net operating income, tight management of financing costs, and a tax rate which remained low.

Other operating income and expenses totaled **10.1 million euros**. They include a non-taxable exceptional income of 72 million euros relating to the refund of the equalization charge paid previously, and exceptional costs, linked to efficiency projects including selective one-off reorganization programs at a significant number of sites.

Net financial costs and the other financial income and expenses totaled 275 million euros, virtually unchanged compared to 2008. Net finance costs increased slightly due to the Group's decision to refinance in advance the 2009 and 2010 debt repayments by issuing a 400 million euro bond in June 2009. The average financing rate is 4.6%, flat compared to 2008. **Other net financial expenses** were impacted by the recognition of interest on arrears of 19.6 million euros related to the equalisation charge receivable.

The **effective tax rate** remained stable at **24.9%**.

Profit from associates totaled **19.8 million euros**, down 5 million euros compared to 2008 due to a decline in profits of an associate company in Asia-Pacific, in the Electronics and Industrial sectors. **Minority interests** reached 55.2 million euros, as a result of the solid performance of joint venture subsidiaries and changes in the scope of consolidation.

Overall, **net profit (Group share) totaled 1,230 million euros** in 2009, up **+0.8%**.

Net profit per share remained unchanged compared to 2008 at 4.70 euros. The average number of shares outstanding used for the calculation of net profit per share as of December 31, 2009 was 261,495,542.

CHANGES IN THE NUMBER OF SHARES

	2008	2009
Average number of shares outstanding [(a)]	**259,634,357**	**261,495,542**

(a) Used for the earning per share calculation.

Number of shares as of 12/31/2008	**260,922,348**
Employee share subscription	999,229
Stock options exercised during the year	2,332,777
Number of shares as of 12/31/2009	**264,254,354**

2009 CASH FLOW AND BALANCE SHEET

In millions of euros	2008	2009
Cash flow from operating activities before changes in working capital	**2,207**	**2,275**
Changes in working capital	128	165
Other	(42)	12
Net cash from operating activities	**2,293**	**2,452**
Dividends	(590)	(631)
Purchases of property, plant and equipment, intangible assets and long-term investments	(2,151)	(1,520)
Other items	58	80
Increase in share capital	45	175
Purchase of treasury shares	(168)	(1)
Other	(311)	38
Change in net indebtedness	**(824)**	**593**
Net indebtedness at end of period	(5,484)	(4,891)
Debt to equity ratio at end of period	**80%**	**63%**

Cash flow from operating activities

Cash flow from operating activities before changes in working capital totaled 2,275 million euros, up +3.1%. Following a decrease in working capital, net cash from operating activities rose by +6.9% to 2,452 million euros.

Changes in working capital

Working capital has continued to decrease year-on-year, totaling 165 million euros in 2009, due to very stringent management of customer receivables and inventories. As a result, the ratio of working capital (excluding tax) to revenue again decreased this year to 5.7%, compared to 6.9% at the end of 2008 and 8.9% at the end of 2007.

Capital expenditure

In 2009, capital expenditure totaled 1.5 billion euros, slightly below the year's 1.6 billion euro target. A total of 97% of the capital expenditure was realized in Gas and Services. Industrial capital expenditure and financial capital expenditure totaled 1.4 billion euros and 0.1 billion euros, respectively.

INDUSTRIAL AND FINANCIAL CAPITAL EXPENDITURE

In millions of euros	Industrial capital expenditure	Financial capital expenditure
2005	975	76
2006	1,128	72
2007	1,359	1,308
2008	1,908	242
2009	1,411	109

INDUSTRIAL CAPITAL EXPENDITURE

As of the end of 2008, given the financial crisis, the Group decided to limit capital expenditure as much as possible in order to secure its financial equilibrium. Certain investment decisions un-related to customer contracts, such as new liquid capacities for Industrial Merchant, were postponed. Where a customer investment project was delayed, new start-up dates for the Air Liquide production units were also negotiated. The Group was thus able to meet its objective for the year without jeopardizing its main development projects. In 2009, the Group initiated 15 new entities, a large number of which in the fourth quarter.

GAS AND SERVICES INDUSTRIAL CAPITAL EXPENDITURE BY REGION

In millions of euros	Gas and Services			
	Europe	Americas	Asia-Pacific	Middle East and Africa
2008	751	415	617	79
2009	538	360	450	45

FINANCIAL CAPITAL EXPENDITURE

Financial capital expenditure amounted to 109 million euros, a third of which was in the Middle East, for the acquisition of Al Khafra, a distributor in Saudi Arabia. The balance mainly represented small Healthcare companies in various regions and the partial buyback of minority interests in South Africa.

CAPITAL INTENSITY

Capital intensity is the **ratio of capital required to generate one euro of supplementary revenue.** This capital is either invested into industrial assets (production units, storage, trucks, etc.), or used as working capital to finance the development of the activities.

Capital intensity on new projects varies significantly from one business line to another:

- **Air gases** in Large Industries has a capital intensity **between 2 and 3.** It varies with the trend in electricity prices;
- **Hydrogen and Cogeneration** in Large Industries have a lower capital intensity of **between 1 and 1.5,** due to a relatively high proportion of natural gas pass-through in revenues. It varies with the evolution of natural gas prices;
- **Industrial Merchant** capital intensity to launch the activity in a new market is **between 1.5 and 2;**
- **Electronics** and **Healthcare** have a capital intensity **around 1,** depending on product mix.

Whatever the capital intensity, Air Liquide's objective is to achieve, over the long-term, **after tax, Return On Capital Employed (ROCE) between 11 and 12%.**

Because of the differences in capital intensity among the various Group activities, **operating margins will vary accordingly.**

Net indebtedness

Net indebtedness decreased during 2009 by 593 million euros to 4,891 million euros. As of December 31, 2009, the net debt to equity ratio amounted to 63%, compared to 80% in the previous year. This significant improvement in the Group's financial structure was attributable to strong operating cash flow, tight control of working capital and selective capital expenditure as well as the results of the Capital program (optimized asset management and standardization programs to reduce investment capital intensity).

ROCE

The Return on capital employed (ROCE) after tax remains in line with the target set at between 11% and 12%. It stood at 11.6%, compared to 12.2% in 2008.

Impact of acquisitions

There was no significant impact on the balance sheet from acquisitions in 2009, reflecting their modest size.

L'Air Liquide S.A. parent company figures

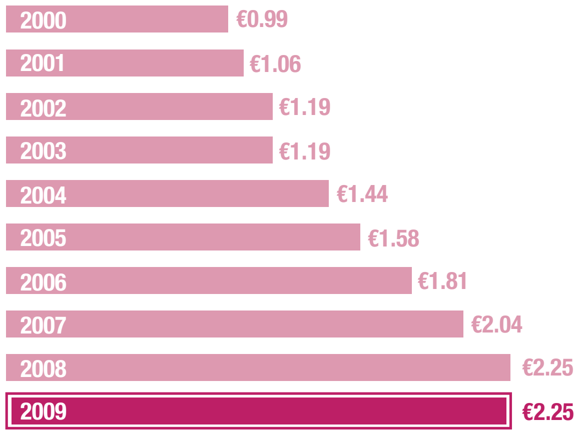
L'Air Liquide S.A. net profit totaled 816 million euros, compared to 695 million euros in 2008.

Dividend

At the Annual General Shareholders' Meeting on May 5, 2010, a dividend of 2.25 euros per share will be proposed to shareholders for fiscal year 2009. This represents a pay-out ratio of 49.5%.

The record date has been set for May 12 and the payment date for May 17, 2010.

ADJUSTED DIVIDEND PER SHARE OVER 10 YEARS



Dividends of previous years are adjusted to take into account bonus share issues and the two-for-one share split on June 13, 2007.

Average annual dividend per share growth rate over 10 years: +11.2%

Total shareholder return over 10 years: +8.7%

Dividend yield at 2009 year-end: +2.7%

TOTAL SHAREHOLDER RETURN OF AN INVESTMENT IN AIR LIQUIDE SHARES

Total Shareholder Return (TSR) is the annualized rate of return for shareholders who purchased a share at the beginning of the period and sold it at the end of the period, including the contribution from both **the share price performance and dividends paid** (including loyalty shares), assuming that the dividend is immediately reinvested in shares.

FUNDING POLICIES

The Group's financing policy is regularly reviewed to provide support to the Group's growth strategy and take into account changes in financial market condition, respecting a gearing ratio in line with our A long term rating.

As the result of the deterioration in the financial markets in 2009, the precautionary principles already in place have also been kept:

- diversification of funding sources and spreading of short and long-term debt maturities in order to minimize refinancing risk;
- backing of commercial paper with confirmed lines of credit;
- hedging of interest rate risk to ensure that funding costs are in line with long-term investment decisions;
- funding of investments in the currency of the operating cash flows generated, in order to create a natural foreign exchange hedge;
- further centralization of excess cash, via Air Liquide Finance.

Notes 26 and 29 to the Consolidated financial statements for the year ended December 31, 2009 describe in detail the characteristics of the financial instruments used by the Group as well as the debt structure.

Diversifying funding sources

Air Liquide diversifies its funding sources by accessing various debt markets: commercial paper, bonds and banks. Air Liquide issues short-term commercial paper: in France, through two French Commercial Paper programs up to a maximum of 3 billion euros, and in the United States, through a US Commercial Paper program (USCP), up to a maximum of 1.5 billion US dollars. To avoid liquidity risk relating to the refinancing of commercial paper maturities and in accordance with the Group's internal policy, the Group wishes to limit its draw downs to 2.2 billion euros, the amount which is covered by committed credit lines.

In addition, Air Liquide can issue long-term bonds through its Euro Medium Term Note (EMTN) program up to a maximum of 8 billion euros, the utilization of which is delegated to the Board of Directors. At the end of 2009, outstanding notes under this program amount to 4 billion euros (nominal amount), of which 0.4 billion euros were issued in 2009 to extend the Group's average debt maturity and benefit from attractive market conditions. The Group also obtains funding through bank debt (loans and lines of credit) and private placements.

Note 26 to the Consolidated financial statements breaks down Group indebtedness, in particular by instrument type and currency.

Net indebtedness by currency

Currency	2008	2009
EUR	53%	47%
USD	18%	19%
JPY	18%	21%
Other currencies	11%	13%
TOTAL	**100%**	**100%**

Investments are funded in the currency of the cash flows generated, thus creating a natural foreign exchange hedge. Air Liquide's debt is mainly in euros, US dollars and yen, which reflects the weight of these currencies in the Group's cash flow.

Group net indebtedness in euros decreased between 2008 and 2009. Net indebtedness in euros as a percentage of total Group indebtedness mainly decreased in contrast to the increased indebtedness in JPY and in other currencies, in line with its dividend policy and with the substantial rise in investments carried out by the Group in emerging countries.

Centralization of funding and excess cash

To benefit from economies of scale and ease capital markets funding (bonds and commercial paper), the Group uses a special-purpose subsidiary, Air Liquide Finance. This subsidiary centralizes the Group's funding activities, essentially in Europe, Japan and North America. As of December 31, 2009, Air Liquide Finance granted, directly or indirectly, the equivalent of 4,223 million euros in loans and received 3,033 million euros in cash surpluses as deposits. These transactions were denominated in 13 currencies (primarily the euro, US dollar, Japanese yen, British pound sterling, Swiss franc and Singapore dollar) and extended to approximately 170 subsidiaries.

Because of the currency offsetting positions adopted by Air Liquide Finance resulting from currency hedging of intra-group loans/borrowings, these funding operations do not generate any foreign exchange risk for the Group. Furthermore, in certain specific cases (e.g.: regulatory constraints, high country risk, partnership), the Group may decide to limit its risk by setting up independent funding for these subsidiaries in the local banking market, and by calling on credit insurance firms.

Air Liquide Finance also manages the Group's interest rate risk.

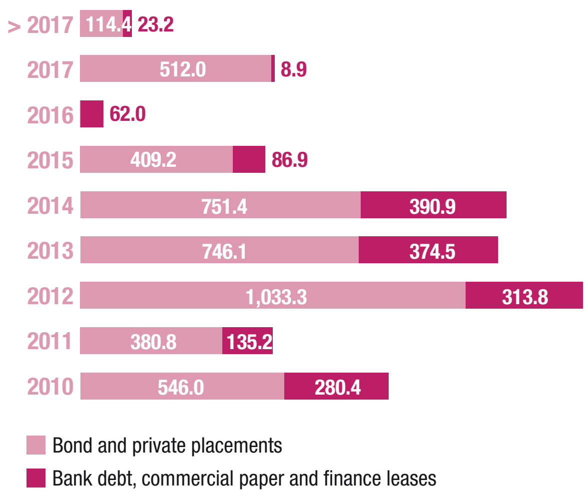
Debt maturity and schedule

To minimize the refinancing risk relating to debt repayment schedules, the Group diversifies funding sources and spreads maturity dates over several years. This refinancing risk is also reduced by the steady cash flow generation from operations.

The following chart represents the debt maturity schedule. The single largest annual maturity represents approximately 20% of gross debt.

DEBT MATURITY SCHEDULE

(in millions of euros)



The maturity date for commercial paper outstanding coincides with that of confirmed lines of credit backing up the commercial paper program.

The average debt maturity stood at 4.1 years in 2009, compared to 4.5 years in 2008, reflecting the spreading of debt maturities over time. The reduced maturity primarily stems from the limited bond issue in 2009, mainly due to a surplus cash position.

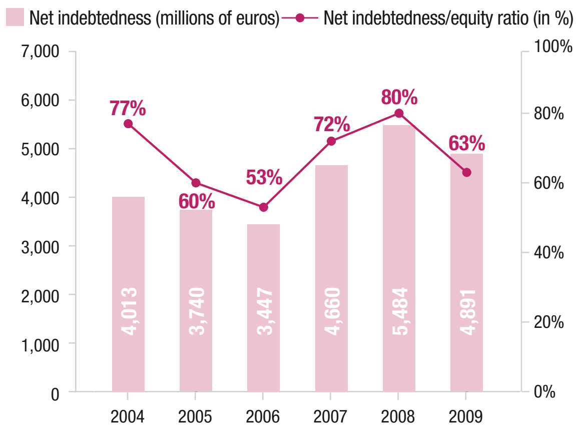
The detailed debt maturity schedule is presented in Note 26 to the Consolidated financial statements.

Change in net indebtedness

Total net indebtedness decreased by 593 million euros, to 4,891 million euros as of December 31, 2009, compared to 5,484 million euros as of December 31, 2008. This decrease primarily reflects the continuously high level of cash flow from operations, a greater selectivity of investments carried out by the Group in 2009 as well as an effective working capital management policy in a sluggish economic climate.

The statement of change in net debt is given on page 135.

NET INDEBTEDNESS AS OF DECEMBER 31



The net indebtedness equity ratio was 63% at the 2009 year-end (compared to 80% at the 2008 year-end). The change in this ratio in 2009 is the result of a decrease in Group net indebtedness. The equivalent ratio calculated using the US method: net indebtedness/(net indebtedness + shareholders'equity) reached 39% at the end of 2009 compared to 44% at the end of 2008. The financial expense coverage ratio (recurring operating income + share of profit of associates/net finance costs) stood at 8.9 in 2009, compared to 9.2 in 2008.

The average cost of net indebtedness remained stable at 4.62% in 2009. This stability results from the offsetting in 2009 of the impact of the early refinancing of 2009 and 2010 debt through the issue of a bond in May 2009, and by the impact of the decrease in debt rate for debts not being subject to an interest rate hedge. The hedging of a significant portion of the debt at a fixed rate, following the principles set forth in the Group Financial Policy, also contributed to the stability of the average cost of net indebtedness in 2009. Cost of net indebtedness is calculated by dividing net finance costs for the fiscal year (249.4 million euros in 2009, excluding capitalized interest) by the year's average outstanding net indebtedness. The latter is calculated using a monthly average.

The breakdown is presented in Note 26 to the Consolidated financial statements.

Bank guarantees

In connection with its Engineering and Construction activity, the subsidiaries of the Group grant bank guarantees to customers that run from the tendering period until the end of the guarantee period. They may incorporate advance payment guarantees and performance bonds. The projects for which these guarantees are granted are regularly reviewed by management and, accordingly, when guarantee payments become probable, the necessary provisions are recorded in the Consolidated financial statements.

Long-term credit rating

The Air Liquide long-term credit rating from Standard & Poor's remained unchanged at "A/stable" in 2009. The short-term credit ratings from Standard & Poor's and Moody's also remained unchanged at "A-1/stable" and "P-1/stable", respectively. The main indicators analyzed by the rating agencies are the net indebtedness/equity ratio and the cash flow from operations before change in working capital/adjusted net indebtedness ratio, notably to take into account pensions liabilities.

Strategy, investment and outlook

STRATEGY

For many years, Air Liquide's development strategy has been founded on creating long-term value. The Group is committed to delivering sustainable growth in results and maintaining its strong pay-out policy year after year.

COMPOUND ANNUAL GROWTH RATE (CAGR) OVER 30 YEARS

Revenue : +7.6%

Cash flow from operating activities before changes in working capital : +8.8%

Net profit per share : +8.5%

Dividend per share : +9.5%

ALMA: providing leverage for the medium-term strategy

The Alma program was launched at the beginning of 2008 to accelerate growth and improve competitiveness, structured around four strategic initiatives:

- take leading positions in 5 fast-growing zones; China, Russia, India, Middle East and Latin America;
- lower our cost base with both efficiency programs and technologies;
- expand our portfolio of solutions in new market segments; and
- prepare and empower the new generation of talents.

2009 priorities

At the end of 2008, the Group reacted rapidly to the slowdown in the global economy, adapting its ALMA program. Short-term priorities were changed. In 2009, Air Liquide focused on strict cash management, cutting costs and selecting the right investments. These priorities can be summarized in three words: Cash, Costs, Capex. These efforts bore fruit.

The solidity of the balance sheet at the end of 2009 strengthens the investment capacity of the Group and will enable it to seize opportunities as economies emerge from the crisis.

The rigorous management of costs will continue in 2010, with a new efficiency objective in excess of 200 million euros.

Finally, continued selective investment and ongoing research and innovation efforts will safeguard the future growth of the Group.

Five growth drivers

The slowdown in the global economy did not call into question the five growth drivers identified in 2007 at the launch of the ALMA program: Emerging Economies, Energy, the Environment, Health and High Technology.

- **Opportunities offered by emerging economies** that are investing heavily in industrial infrastructures. This is driving oxygen demand, the production of which is increasingly outsourced. Industrial development in general has increased demand for gas in a variety of applications. This development is based on real needs and has recovered significantly since the second quarter of 2009.

  The percentage of Gas and Services revenue realized in emerging economies continues to increase, reaching 16% in 2009. A record number of 16 start-ups are scheduled in these regions in 2010. At the end of 2009, 80% of the Group's investment opportunities were located in emerging economies, together with 47% of investment decisions and 37% of industrial capital expenditure.

- **Energy concerns** require solutions for depleting traditional resources. Industrial gases can help customers improve their energy efficiency and are also used directly in the production of certain alternative energies. As an example, the biomass or coal gasification process and the development of renewable energies such as photovoltaics consume substantial volumes of gas. Further down the road, more potential for industrial gas consumption will come from the development of hydrogen fuel cell technology to supplement or replace fossil fuels for motor transportation and electricity supply in remote places.

- **Environmental protection** offers the Group real opportunities, as the majority of solutions to reduce CO_2 in the atmosphere require the supply of industrial gas.
  - Increasingly restrictive regulations on sulfur content in refined petroleum fuels, coupled with the use of heavier raw materials by refiners have significantly boosted demand for hydrogen. In addition, the need to replace aging hydrogen production facilities makes refiners more willing to outsource this supply. This trend represents a significant growth opportunity for the industrial gas industry, and particularly for Air Liquide, which has proprietary hydrogen technology from the acquisition of the engineering firm Lurgi in 2007. Over the last 10 years, hydrogen volumes have increased by close to 14% annually on average. Sales totaled 872 million euros in 2009.
  - The use of oxygen in certain industrial processes improves combustion yield, thereby reducing energy consumption and, as such, CO_2 emissions. For its customers in the steel and glass industries, Air Liquide focuses on its research activities and successfully development of oxy-combustion technologies, enabling industrialists to improve efficiency. Oxy-combustion is also a promising solution for reducing the intensity of CO_2 emissions from heavy industrial activities, such as coal-fired power plants, blast furnaces and cement plants. The combustion of pure oxygen, instead of air, coal or other carbon-based fuels, produces highly concentrated CO_2 emissions that are ready for capture, storage or direct use in other applications, such as enhanced oil recovery.
  - Certain countries with substantial coal reserves, wishing to ensure their energy independence with regard to hydrocarbons, use gasification processes to produce synthetic fuels or chemical products. These processes consume extremely high quantities of oxygen and are environmentally friendly when a CO_2 recovery unit is installed, facilitated by the purity of the emissions.

    Energy challenges, combined with the desire to protect the environment, will therefore generate extremely high demand for oxygen and hydrogen and other special gases, for example, for photovoltaic applications. The Group estimates the potential market for these processes at 30 billion euros in 2020.
- Growth is constant in the **health** market, primarily led by an aging population and changes in lifestyle. In addition, health system budget restraints are encouraging the development of homecare solutions that reduce the cost to the community. Air Liquide is strategically positioned in this sector, particularly in Europe. With respect to longer term projects, the efforts of our research teams have enabled innovations in the area of therapeutic gases used for cardiac surgery, anesthesia and pain relief. The marketing of these gases has now been launched in Europe and will develop progressively, as authorizations to market are obtained.
- There has been significant development in the **high technology** market, driven by numerous consumer product innovations and, more generally, by the increasing complexity of our industries. Semi-conductors, flat panels and solar panels are increasingly in demand, triggering a growing need for high purity industrial gases, particularly in Asia. The Group's expertise in gases, and more specifically in very low temperatures, allows it to contribute to major technological projects aiming to enhance knowledge in many fields such as theoretical physics, space or energy (nuclear fusion, supraconductivity).

Air Liquide is extremely well placed to profit from these opportunities. In addition to its position as the world leader in oxygen, the Group currently has:

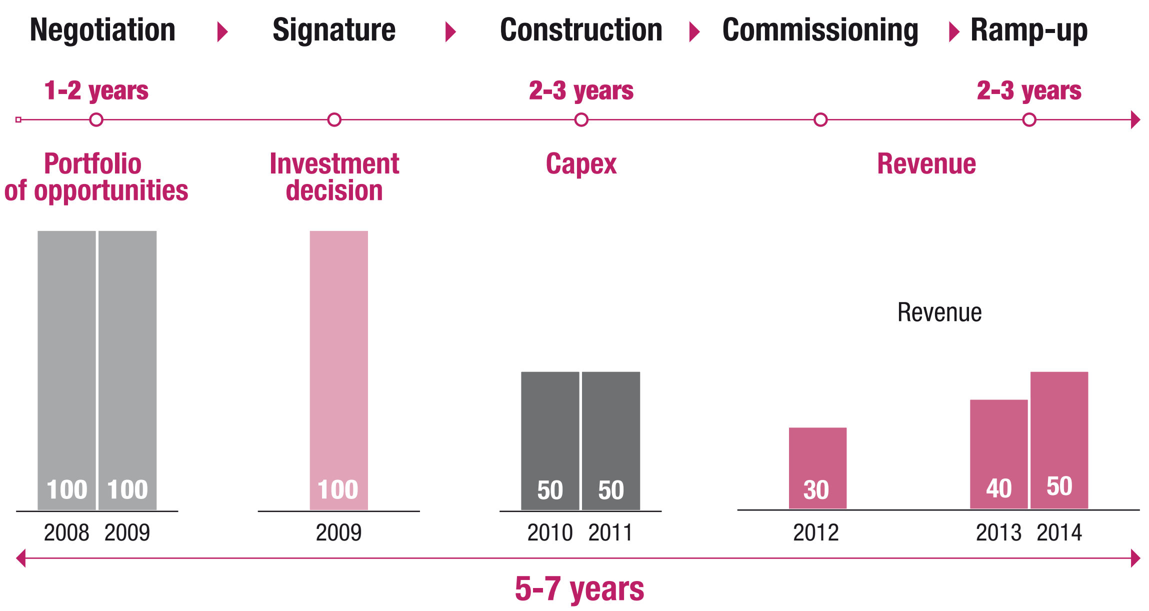
- proprietary technologies in hydrogen and strengthened expertise in engineering, particularly since the acquisition of Lurgi in 2007;
- a highly promising R&D portfolio, with 60% of projects focused on preserving the environment and life.

The Group also participated in pilot CO_2, carbon capture and storage (CCS) projects, such as the Lacq project in France and the Callide project in Australia.

INVESTMENT

The long-term nature of industrial gas activities is a key characteristic. It is particularly evident in the investment cycle, where there is approximately five years between project conception and the first corresponding gas sales. The following flow-chart sets out each stage in this process.

THE THEORETICAL LIFESPAN OF A 15-YEAR CONTRACT IN LARGE INDUSTRIES



Applying a capital intensity of two, an investment of 100 million euros should generate 50 million euros of sales per annum, fully ramped-up.

Negotiation stage: the project is negotiated with the customer within the portfolio of potential opportunities for approximately two years.

Signature stage: the two parties reach an agreement. The signature of a long-term contract represents the Group's commitment to an investment decision.

Construction stage: capital expenditure begins with the construction of the unit by Air Liquide, which takes approximately 18-24 months and sometimes up to three years depending on the size of the project.

Commissioning stage: the unit starts up. Sales begin according to the needs of the customer, with a guaranteed minimum volume corresponding to the take-or-pay level, ensuring minimum profitability from the beginning of the contract.

Sales stage: over the course of the contract term, sales should increase above the take-or-pay level. This is the ramp-up phase.

Between the fourth and fifth years after start-up, the production unit is already partially amortized, and the contract reaches an average after-tax Return on capital employed (ROCE) close to 12%, in line with Group objectives. In the following years, ROCE continues to increase.

Portfolio

The 12-month portfolio of opportunities stands at 3.7 billion euros at the end of 2009, up from 3.3 billion euros at the end of 2008, mainly due to a recovery in the number of projects studied in the fourth quarter of 2009. The portfolio at the end of 2009 remains slightly below the high level attained before the start of the crisis, due to the postponement of certain projects resulting in their removal from the 12-month portfolio. Nonetheless, these projects are maintained in the long-term portfolio which remains relatively stable.

Over 80% of projects in the 12-month portfolio are located in emerging countries, where the investment momentum is stronger than before the crisis. Furthermore, 50% of opportunities concern projects in the Energy sector.

Since the beginning of 2009, the portfolio also includes an increasing number of site takeover projects, which totaled 13 at the end of 2009. The economic context encourages certain Large Industries customers to outsource gas supplies. The customer sells its gas production assets to an industrial gas producer, enabling the customer to concentrate its ressources on its core business, and in return, signs a long-term supply contract for industrial gases. Each site takeover project is unique and differs according to the state of the installations purchased (recent or obsolete, perfectly operational or incurring some technical difficulties, designed and sold by Air Liquide engineering or by a competitor). However, one thing they have in common is that they enable a reduction in the Large Industries investment cycle. Capital expenditure is incurred rapidly after signature and gas sales are recorded immediately. Such opportunities are all the more interesting as they arise in a period when the number of new projects has significantly declined.

Investment decisions

The investment decision process is at the heart of the Group's growth strategy providing the backbone to all future investment plans concerning:

- internal and external growth projects;
- improved efficiency and reliability;
- safety performance.

Strict discipline drives investment decisions, as they commit the Group over the long term. A dedicated process involving Top Management is in place to ensure selection of projects to sustain long-term growth with a required minimum return on capital employed. The internal rate of return required during the investment approval process (refer to "Investment decisions process" below) varies with the overall assessment of the risks associated with each project. It is calculated after tax, free of inflation, with depreciation taken on a straight-line basis over the term of the contract or the useful life if significantly different, with no terminal value even if Air Liquide remains the owner of the assets and the contracts are often renewed.

INVESTMENT DECISIONS PROCESS

An investment decision over 2 million euros is subject to a careful evaluation process, undertaken at Group level by the Resources and Investment Committee. Each meeting is chaired by the Executive Committee member in charge of the World Business Line concerned and brings together the Director of the business and regions concerned by the investment, the Group Chief Financial Officer, the Management Control Director, as well as the Group Human Resources Director (when HR subjects are examined).

Decisions are based on rigorous assessments of individual projects, using the following criteria:

- **the location of the contract:** the analysis will differ whether the project is based in an industrial basin with high potential, connected to an existing pipeline network, or in an isolated location;
- **competitiveness of the site:** this is assessed based on size, cost of raw materials and access to markets;
- **customer risk;**
- **country risk;**
- **contract clauses;**
- **quality of the technical solution.**

The Return on capital employed (ROCE) for a major Large Industries long-term contract will change over the term of the contract. It is lower in the first four to five years, due to customer ramp-up in demand relative to straight-line depreciation over time. Return on capital increases rapidly thereafter (refer to “The theoretical lifespan of a 15-year contract in Large Industries” on page 34).

INVESTMENT DECISIONS

	Industrial investment decisions *(in billions of euros)*	Financial investment decisions *(in billions of euros)*
2006	1.5	0.6
2007	2.1	0.9
2008	2.2	0.2
2009	1.0	0.1

In 2009, investment decisions, representing Group commitments to invest, totaled 1.1 billion euros, down significantly on 2008. The economic slowdown and the global downturn in the investment cycle had a direct impact on decisions taken by the Group’s industrial customers and, consequently, on the signature of new contracts. Emerging economies accounted for a record high of 47% of all decisions taken in 2009, due to numerous signatures in China and the Middle East.

Large Industries projects accounted for 43% of signatures and include eight large projects all located in emerging economies.

The economic context did not call into question the Group’s golden rules with regard to contract profitability and type. As such, 2009 investment decisions are in line with the Group’s standard ROCE objective. Large Industries contracts continue to be signed for a 15-year period, with take-or-pay, and energy and inflation indexation clauses. Minimum returns on capital employed are required for every single project. These golden rules are essential to preserving long-term profitability and to achieving the mid-term ROCE objective of between 11% and 12%.

In 2009, the Group made around 15 acquisitions for a total of 100 million euros. The main acquisitions were carried out by the Industrial Merchant business line in the Middle East and the Healthcare business line in the United States, the Netherlands and Tunisia.

Capital expenditure

In 2009, the Group was more selective in its choice of investments. Where investment projects were not dependent on a customer contract, the Group was able to delay start-up. Capital expenditure therefore totaled 1.5 billion euros and represented 12.7% of Group revenue. This enabled the Group to achieve its 2009 objective to finance its development from cash flow, while maintaining its growth impetus.

Start-ups

The majority of 2009 start-ups took place as scheduled, with 15 new large units brought on-line. A large number of these took place in the fourth quarter. Two projects postponed from 2009 will commence in 2010. The 15 start-ups include 9 located in emerging economies and 12 air separation units. The start-up of 37 units is forecast for 2010 and 2011, with a record number of 20 scheduled for 2010. All of the start-ups since 2007 are expected to contribute nearly 900 million euros in annual sales in 2011.

OUTLOOK

In the context of an unprecedented economic slowdown, Air Liquide has once again shown the resilience of its businesses and its ability to deliver a regular performance.

The Group has reached the targets it set for itself into 2009, with revenues close to their 2008 level, growth in net profit and a strengthened balance sheet, which will enable it to continue to invest and seize growth opportunities.

Air Liquide has pursued its expansion in emerging economies. In parallel, growth markets in the Energy and Environment sectors confirmed their potential. Energy efficiency and CO_2 emission reduction solutions offer further opportunities, especially in mature economies. Health and High-Tech continue to expand, driven mainly by innovation and services. In 2010, taking into account these new trends, the Group will update its medium term targets, within the framework of its ALMA strategic program.

In the short term, the recovery of the business is apparent, but expected to remain gradual depending on regions or markets. In such a context, and barring a major economic upset, Air Liquide expects continuous growth in net profit in 2010, in line with its long term performance. The Group remains confident in its ability to generate solid and sustainable medium-term growth.

Ten-year consolidated financial summary

	Notes	2000	2001	2002	2003
Key figures *(in millions of euros)*					
Consolidated income statement					
Revenue		8,099.5	8,328.3	7,900.4	8,393.6
of which Gas and Services		*7,113.6*	*7,256.7*	*6,887.0*	*7,388.5*
Operating Income Recurring	(a)	1,116.0	1,177.6	1,161.6	1,196.0
Operating Income Recurring / revenue		13.8%	14.1%	14.7%	14.2%
Net profit (Group share)		651.8	701.9	703.2	725.6
Consolidated statement of cash flows					
Cash flow from operating activities before changes in working capital	(b)	1,564.3	1,627.4	1,514.1	1,542.2
Purchase of property, plant and equipment and intangible assets		910.2	769.8	632.8	746.8
Purchase of property, plant and equipment and intangible assets / revenue		11.2%	9.2%	8.0%	8.9%
Acquisition of subsidiaries and financial assets		104.8	332.4	306.9	74.9
Distributions related to fiscal year and paid in the following year	(c)	281.8	298.1	330.5	327.5
Consolidated balance sheet					
Shareholders' equity at the end of the period		5,285.9	5,353.3	5,219.3	5,079.2
Net indebtedness at the end of the period		2,280.3	2,583.5	2,022.3	1,730.2
Capital employed at the end of the period	(d)	7,923.7	8,259.8	7,474.4	7,269.4
Share capital					
Number of shares issued and outstanding at the end of period		91,429,644	90,821,483	100,818,441	99,912,917
Adjusted weighted average number of shares outstanding	(e)	272,762,428	269,171,369	266,111,450	264,037,048
Key figures per share *(in euros)*					
Net profit per share	(f)	2.39	2.61	2.64	2.75
Dividend per share		3.00	3.20	3.20	3.20
Total dividend (including tax credit until 2003)		4.50	4.80	4.80	4.80
Dividend adjusted per share	(g)	0.99	1.06	1.19	1.19
Ratios					
Return on equity (ROE)	(h)	12.8%	13.2%	13.4%	14.1%
Return On Capital Employed after tax (ROCE)	(i)	10.5%	10.7%	10.8%	11.6%

Bonus dividend:

Since 1995, a 10% bonus dividend is attributed to shareholders holding their shares in registered form for at least two years on December 31 preceding the period of distribution, and owned until the date of the payment of the dividend. The dividend proposed to the Annual General Meeting for fiscal year 2009 amounts to 2.25 euros per share, and the enhanced dividend to 2.47 euros per share representing a total distribution of 609.2 million euros. The tax credit associated to dividends is no longer applicable since fiscal year 2003.

(a) *Operating income from 2000 till 2004.*

(b) *Funds provided by operations from 2000 till 2004 (before adjustments of profit/loss on disposal of fixed assets).*

(c) *Without withholding tax of 8.7 million euros in 2003, 83.9 million euros in 2002, 68.0 million in 2001, and 36.1 million in 2000, and including a bonus dividend of 15.0 million in 2008, 13.5 million in 2007, 12.5 million in 2006, 10.4 million in 2005, 9.1 million euros in 2004, 7.8 million euros in 2003, 7.8 million in 2002, 7.5 million in 2001, and 7.5 million in 2000.*

(d) *Capital employed at the end of period: shareholders' equity + minority interests + net indebtedness.*

2004	2004 IFRS	2005	2006	2007	2008	2009
9,376.2	9,428.4	10,434.8	10,948.7	11,801.2	13,103.1	11,976.1
8,275.2	*8,275.2*	*9,147.7*	*9,628.0*	*9,998.5*	*11,027.6*	*10,191.8*
1,276.9	1,374.6	1,517.6	1,659.2	1,794.1	1,949.0	1,949.0
13.6%	14.6%	14.5%	15.2%	15.2%	14.9%	16.3%
777.5	780.1	933.4	1,002.3	1,123.1	1,220.0	1,230.0
1,694.9	1,691.7	1,804.8	1,889.3	2,054.4	2,206.7	2,274.5
875.4	901.0	975.2	1,128.2	1,359.3	1,908.3	1,411.0
9.3%	9.6%	9.3%	10.3%	11.5%	14.6%	11.8%
2,858.5	2,858.5	76.2	72.3	1,308.2	242.3	109.2
391.2	391.2	432.1	497.0	551.0	602.0	609.2
5,373.6	4,916.3	5,930.5	6,285.8	6,369.5 [k]	6,757.4 [k]	7,583.7
3,790.3	4,012.5	3,739.8	3,446.6	4,660.2	5,484.4	4,890.8
9,505.4	9,245.0	9,948.5	10,013.4	11,179.8 [k]	12,386.1 [k]	12,642.7
109,180,823	109,180,823	109,538,475	121,149,189	238,844,710 [j]	260,922,348	264,254,354
262,368,216	262,368,216	261,905,830	264,683,681	263,743,077	259,634,357	261,495,542
2.97	2.97	3.56	3.79	4.26	4.70	4.70
3.50	3.50	3.85	4.00	2.25	2.25	2.25
3.50	3.50	3.85	4.00	2.25	2.25	2.25
1.44	1.44	1.58	1.81	2.04	2.25	2.25
14.9%	16.3%	17.2%	16.4%	17.7% [k]	18.6% [k]	17.2%
11.3%	11.9%	11.7%	11.9%	12.3% [k]	12.2% [k]	11.6%

(e) Adjusted to account for, on the basis of a weighted number of shares outstanding, the two-for-one share split (in 2007), stock dividends (declared in 2008, 2006, 2004, 2002 and 2000), stock offering (from 2000 to 2009) and treasury shares.
(f) Calculated on the adjusted weighted number of shares outstanding during the year (excluding treasury shares).
(g) Adjusted to account for share capital movements.
(h) Return on equity : (Net profit Group share) / (weighted average of shareholders' equity over the year).
(i) Return On Capital Employed after tax: (Net profit after tax before minority interests - financial income (expense) after taxes) / weighted average for the year of (shareholders' equity + minority interests + net indebtedness).
(j) The L'Air Liquide S.A. two-for-one share split on June 13, 2007.
(k) Corresponds to the amounts as of December 31 restated for the impacts of the application of the option offered by the revised IAS19 "Employee Benefits", to immediately recognize all actuarial gains and losses and adjustements arising from the asset ceiling, net of deferred tax, in addition to the first-time adoption of IFRIC14.

2009 Sustainable Development Report

Introduction

Sustainable development seeks to bring together, in one approach, requirements that were long considered incompatible: long-term wealth creation, respect for human beings and environmental protection. These themes are the three pillars of sustainable development.

Since its creation, Air Liquide has had a long-term approach to its activities. One business, one name, steady growth, regular dividends, long-lasting relations with its major customers and the loyalty of employees and individual shareholders demonstrate this commitment.

Air Liquide has therefore developed a sustainable development model that is specific to the Company, with four dimensions that were formalized in 2003 through a commitment signed by Benoît Potier, Chairman and CEO of the Group:

- **creating value for shareholders** by developing the Company's activity and performance over the long term and communicating this performance in a transparent manner;
- **developing the potential of the Company's men and women** in their commitment to common objectives, this theme focusing first on the **safety** of people and property;
- **preserving life and the environment** in the Group's operations and at its customers' sites. This dimension also covers safety issues related to people and assets that are at the heart of Air Liquide's policy;
- **innovating** for tomorrow to guarantee the growth of the Company and its customers.

In 2009, the Group created a Social and Environmental Responsibility Policy in line with its Sustainable Development approach.

This policy defines the commitment made by the Group with respect to safety, protection of the environment, ethics and participation in the economic and social development of the regions in which it operates.

This Social and Environmental Responsibility Policy puts into practice a Sustainable Development approach that is coherent at every level of the Company and defines the focus for all the subsidiaries and departments.

Air Liquide has gradually established a structured Sustainable Development approach that now has over **170 indicators**, presented in the pages that follow, to measure the Group's performance in the four dimensions that define this approach. These sustainable development indicators are collected worldwide and are published each year with the financial indicators in the Reference Document.

In addition, the Group has defined eight objectives concerning the key indicators that are vital for sustainable development. These objectives notably concern long-term shareholder remuneration, the place of women in the Company, training, safety, energy performance of production units and the filing of international patents.

Most of these objectives cover the years 2005 to 2009. They are therefore coming to an end in this Sustainable Development Report. Air Liquide has already initiated a reflection to define new enriched objectives for the coming years. They will be presented in the next Sustainable Development Report.

Like the financial data, the extrafinancial or sustainable development data have been reviewed each year since 2003 by the Statutory Auditors.

In 2009, the Group wished to raise the level of assurance of this reporting. The sustainable development reporting now benefits from a superior level of assurance called "limited assurance" for a selection of indicators, marked by the symbol "*" on the following pages.

This review is not an obligation. It reflects Air Liquide's commitment to give more value to all these indicators provided to its stakeholders and, in particular, individual shareholders, investors, customers and employees.

Reporting methodology

PROTOCOL AND DEFINITIONS

In the absence of a relevant and recognized benchmark for industrial gas activities, Air Liquide has created a protocol to define its reporting methods for Human Resources, safety and environmental indicators. This protocol includes all the definitions, measurement procedures and collection methods for this information. In line with the Group's commitment to continuous improvement, Air Liquide is gradually making adjustments to its Sustainable Development indicators protocol to reflect changes in the Group.

This protocol is based on the general principles defined by the Group with regard to scope, responsibilities, controls and limits, and establishes definitions, responsibilities, tools and data-tracing methods for each indicator. This document is regularly updated. Moreover, this protocol takes into account all the Group's formalized procedures in the framework of the IMS (Industrial Management System).

SCOPE AND CONSOLIDATION METHODS

Human Resources and Environmental indicators are consolidated worldwide for all companies globally and proportionally integrated within the financial consolidation scope pro rata according to the integration percentage.

Safety indicators are consolidated worldwide for all companies in which Air Liquide has operational control or is responsible for safety management.

Apart from these general rules, there are certain specific ones:

- information on the impact of transportation (kilometers traveled by delivery truck, CO_2 emitted) is calculated on the basis of data collected in the main countries where the Group is established around the world;
- information on kilometers saved and CO_2 emissions avoided through on-site air gas production units concerns the subsidiaries globally integrated within the financial consolidation scope;
- Environmental and Energy indicators for the main types of production units operated by the Group cover about 99% of the Group's revenue in Gas and Services, and 98% of the Group's total revenue;
- production units, concerning Environmental and Energy indicators, are included in the reporting system as of their industrial service start-up;
- electricity consumption, and the indirect CO_2 emissions related to it, is only taken into account when Air Liquide pays for this electricity. Energy consumption of on-site units, as well as water consumption specific to the sale of treated water (which is not part of the Group's core business) are excluded from the data consolidation scope.

REPORTING AND RESPONSIBILITIES

Human Resources, Safety and Environmental indicators are produced by several data-collection systems in the Group, each under the responsibility of a specific department:

- Human Resources indicators included in the Group's general accounting consolidation tool are under the dual responsibility of the Finance Department and the Human Resources Department;
- the energy consumption and carbon dioxide emissions indicators from the main air separation units, cogeneration, hydrogen and carbon monoxide units are tracked by the Large Industries business line using a dedicated intranet tool;
- as a complement, the collection of environmental and safety data is carried out by the Safety and Industrial System Department using a dedicated intranet tool, and includes accident reporting:
  - for all entities the data of the Group's accident reporting,
  - for the units mentioned above, other environmental indicators (atmospheric emissions, water consumption, discharge to water, etc.),
  - for the smaller units (acetylene, nitrous oxide, carbon dioxide units and hygiene and specialty chemical products units), the welding units and the Engineering and Construction units, the Research and Development centers and the technical centers all indicators (energy use, atmospheric emissions, water consumption, discharge to water, etc.);
- indicators on kilometers traveled are the responsibility of the Industrial Merchant business line;
- the estimate of the percentage of the Group's revenue where the Industrial Management System (IMS), the ISO standards 9001 and 14001 and the OHSAS 18001 are being rolled out are indicators under the responsibility of the Safety and Industrial System Department;
- finally, indicators for the "carbon content" of the Group's main products are established by the Energy Services Group Department from Energy and Transportation indicators.

CONTROLS

Each department in charge of collecting data is responsible for the indicators provided. Control occurs at the time of consolidation (review of changes, intersite comparisons).

Safety and Energy indicators are tracked monthly. In addition, audits of environmental data are carried out by the Safety and Industrial System Department on a sample of sites representative of the various types of units monitored. Where the data reported is incoherent or missing, an estimated value may be used by default.

METHODOLOGICAL LIMITS

The methodologies used for certain Human Resources, Safety and Environmental indicators can have certain limits:

- the absence of nationally or internationally recognized definitions, in particular for indicators on engineers and managers and social performance indicators;
- how representative the measurements taken and necessary estimates are, in particular, concerning indicators on carbon dioxide emissions avoided, water consumption, kilometers avoided per on-site units and training.

Statutory auditors' limited assurance report

on a selection of Human Resources, Safety and Environment indicators

This is a free translation into English of the original report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France.

Further to L'Air Liquide's request and in our capacity as statutory auditors of L'Air Liquide, we have performed a review in order to express the limited assurance that the Human Resources, Safety and Environment indicators for the financial year 2009 published and identified by the "*" symbol (the "Indicators") in the 2009 Sustainable Development Report included on pages 41 to 73 of the 2009 Reference Document (the "Sustainable Development Report") have been prepared in accordance with the Group's sustainable development reporting procedures applicable in 2009 (the "Reporting Criteria").

Air Liquide's management was responsible for preparing the Indicators as shown in the "reporting and responsibilities" section on page 44 of the Sustainable Development Report. The Reporting Criteria, a summary of which is included in the "reporting methodology" section on pages 43 and 44 of the Sustainable Development Report, comprises procedures and methodological sheets defined by the Group. It is Air Liquide's Sustainable Development Department's responsibility to establish the Reporting Criteria and to ensure its accessibility.

It is our responsibility to express a conclusion on these Indicators on the basis of our review. Our review was conducted in accordance with the ISAE 3000 international standard of IFAC [a]. Our independence is defined by legal and regulatory texts as well as our professional code of ethics. A higher level of assurance would have required more extensive work.

Nature and scope of our review

We conducted the following review to be able to express our conclusion:

- We have assessed the Reporting Criteria with respect to its accuracy, its completeness, its neutrality, its understandability and its relevance.
- At the Group level, we have conducted the following tasks:
  - within the appropriate Departments (Sustainable Development Department, Human Resources Department, Safety and Industrial System Department, Large Industries business line), we have interviewed the persons in charge of collecting the data upon which the Indicators are calculated;
  - we have assessed the application of the Reporting Criteria, implemented analytical procedures and, on a sampling basis, we have verified the calculation and consolidation of the Indicators.
- We have selected a sample of six entities [b] for Human Resources Indicators, seven entities [c] for Safety Indicators and seven units [d] for Environment Indicators. This selection was made on the basis of their activity, their contribution to the Indicators, their location, and the results of the review performed during prior financial years. At the level of the selected entities and units, we have verified the understanding and application of the Reporting Criteria and probed the data in order to verify calculations and compare inputs with supporting documents.
- We have reviewed the presentation of the Indicators on pages 49 to 70 of the Sustainable Development Report.

On average, the selected entities and units account for 17% of the consolidated value of Environment Indicators [e], 10% of the consolidated value of Human Resources Indicators [f], and 13% of the consolidated worked hours upon which Safety Indicators are calculated.

To conduct the aforementioned scope of work, we called on members of our teams specialized in sustainable development. Taking into account the review performed during the previous seven financial years in various activities and countries, we consider that our work provides a sufficient basis for the conclusion expressed below.

(a) ISAE 3000: «Assurance Engagement other than reviews of historical data», International Federation of Accountants, International Audit and Assurance Board, December 2003.

(b) AL Morocco, AL UK Ltd, Gaz Industriels Service (France), SOAEO (the Far East), Vitalaire GmbH and AL Austria.

(c) AL Brazil, AL Portugal, Large Industries Europe, SOXAL (Singapore), Gaz Industriels Service (France), AL UK Ltd and Vitalaire GmbH.

(d) The air gases pipelines of the Northern region of Large Industries Europe (France, Belgium and the Netherlands) and of Singapore, the air separation unit and hydrogen and carbon dioxide unit of Estarreja (Portugal), the hydrogen production unit of Paulinia (Brazil) the cogeneration unit of Pergen (the Netherlands) and the air separation unit of Geismar (United States).

(e) On average 13% of the produced air volumes from the air separation units, 19% of the produced volumes from HyCO units, 14% of water consumption, 12% of electricity consumption, 23% of thermal energy consumption, 2 % of direct CO_2 emissions.

(f) On average 12% of headcount, 3% of women hired during the year among engineers and managers, 15% of training time, 10% of employees who had an annual performance review with their supervisor.

Information about the Reporting Criteria

The Reporting Criteria calls for the following remarks from our part:

- The Group presents the main methodologies used for data reporting in the methodological note shown on pages 43 and 44 of the Sustainable Development Report, as well as in the comments and footnotes associated with the Indicators published in tables within the Sustainable Development Report.
- The different reporting perimeters for the Indicators related to Human Resources, Safety and the Environment are detailed in the "scope and consolidation methods" part on page 43 of the Sustainable Development Report.
- Compared with the review of the previous financial year, we have noticed the following improvements as part of the continuous effort of the Group to strengthen the reliability of its reporting:
  - For Environment Indicators, further internal controls were implemented, in particular by the Large Industries business line with respect to the evolution of energy consumption per volume of air gas produced;
  - For Safety Indicators, in order to improve the reliability of reported "worked hours" at the Group level, which are key for the calculation of Safety Indicators, the Safety and Industrial System Department has initiated a detailed comparison of the reporting perimeters for Human Resources Indicators on one hand and Safety Indicators on the other hand this financial year; these works could be formalized more properly;
  - For Human Resources Indicators, the Reporting Criteria was amended in a way to clarify some definitions and provide them with examples in order to ensure its better understanding by the persons in charge of the data reporting at the business unit's level.
- We have also identified the following areas for improvement:
  - For Safety Indicators, the Group should clarify the definition of "worked hours" data so as to ensure a common understanding throughout all business units included within the reporting perimeter, in particular regarding the accounting of overtime;
  - For Human Resources Indicators, the controls undertaken by business units which consolidate multiple subsidiaries could be strengthened, in particular with respect to data related to training and annual performance reviews.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Indicators were not established, in all material aspects, in accordance with the Reporting Criteria.

Courbevoie and Paris-La Défense, March 10, 2010

The statutory auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Creating value for shareholders

The Group wished to include the relationship with its shareholders in its Sustainable Development approach. Air Liquide and its shareholders have had a relationship of confidence for over a century and the Group puts its shareholders at the heart of its strategy with a single objective: enhancing shareholder value through sustained and regular growth of profits and dividends. Shareholder loyalty has accompanied Air Liquide's strategy over the years.

A long-term relationship

Since its origin in 1902, Air Liquide has grown successfully because of its relationship of confidence with its individual shareholders and institutional investors.

Becoming an Air Liquide shareholder also means backing a responsible actor that helps protecting life and the environment and that demonstrates its commitment to human, social and societal issues.

Air Liquide has formalized its privileged and long-term relationship with its shareholders in the "Shareholders' Charter", which is based on four commitments:

- consideration and respect for all shareholders;
- remuneration and increased value of their investments;
- listening to and informing shareholders;
- a dedicated shareholder service.

EVOLUTION OF % OF REGISTERED CAPITAL AND % OF CAPITAL ELIGIBLE FOR LOYALTY BONUS SINCE 2000

Year	Registered capital	Capital eligible for loyalty bonus
2000	30%	27%
2001	29%	26%
2002	27%	24%
2003	28%	24%
2004	30%	24%
2005	31%	25%
2006	32%	26%
2007	37%	26%
2008	33%	26%
2009	**32%**	**25%**

In 2007, the share of capital owned by institutional investors holding direct registered shares increased notably due to one important institutional investor that sold its shares in 2008. However, the proportion of registered capital owned by individual shareholders increased in 2008 and 2009.

Evolution of share ownership

Air Liquide's share ownership is evenly balanced between individual shareholders and French and non-French institutional investors. The 410,000 individual investors hold **38%** of the capital. This represents nearly four times more than the average of other CAC 40 groups.

French and non-French institutional investors represent respectively 26% and 36% of the capital.

At the end of 2009, the share of capital held by employees and former employees of the Group is estimated at 2%, of which 1.4% (in the meaning of article L.225-102 of the French Commercial Code) correspond to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

In %	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Individual investors	45	42	40	40	39	38	38	37	38	38
French institutional investors	24	20	21	23	24	25	24	30	26	26
Foreign institutional investors	29	35	37	35	36	36	37	32	35	36
Treasury shares	2	3	2	2	1	1	1	1	1	>0

Air Liquide, a long-term investment

Since it was first listed on the French Stock Exchange in 1913, Air Liquide has always shown a profit.

A policy of sustained distribution and regular allocation of free shares has permitted the shareholder to see his or her initial investment increase.

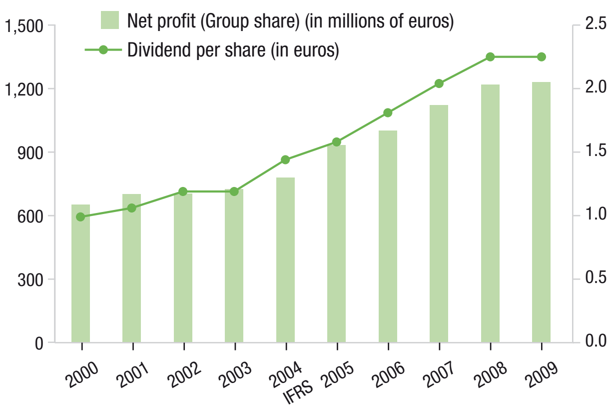
Air Liquide creates value by developing its activities and optimizing its performance over the long run. Over the last 30 years, Air Liquide's revenue has shown an average annual growth of +7.6%. This growth has been profitable: the Group's earnings have followed a similar trend, with an annual average growth of the net profit per share of +8.5%.

During the last 10 years, nearly 50% of earnings have been distributed to shareholders. Over the same period, the dividend has had an average annual growth of +11.2%.

	2000	2001	2002	2003	2004 IFRS	2005	2006	2007	2008	2009
Net profit (Group share) *(in millions of euros)*	652	702	703	726	780	933	1,002	1,123	1,220	1,230
Net profit per share *(in euros)* [(a)]	2.39	2.61	2.64	2.75	2.97	3.56	3.79	4.26	4.70	4.70
Dividend per share *(in euros)* [(a)]	0.99	1.06	1.19	1.19	1.44	1.58	1.81	2.04	2.25	2.25

(a) Based on the average annual number of shares (excluding treasury shares) and adjusted to account for increases in capital performed via capitalization of reserves or additional paid-in capital, cash subscription and the two-for-one share split on June 13, 2007.

NET PROFIT AND DIVIDEND



OBJECTIVE

In the last 10 years, the growth in value of a portfolio of Air Liquide shares has been +8.7% a year on average, including gross dividends reinvested in shares, bonus shares and loyalty bonuses granted to registered shareholders. The Group's objective is to maintain this comprehensive remuneration policy for shareholders to ensure regular long-term value enhancement in a transparent manner.

More information on Air Liquide and its shareholders is available in the Shareholder's Guide or in the Shareholders section at www.airliquide.com

A social enterprise and corporate citizen

42,300 men and women in 75 countries compose multicultural teams with a host of skills. Air Liquide is involved in promoting diversity, facilitating and accelerating knowledge transfer, motivating and involving its employees and encouraging a social and human commitment, notably through the Air Liquide Foundation. The Social and Environmental Responsibility Policy codified in 2009 has strengthened this approach.

A SOCIAL ENTERPRISE

Diversity

Diversity is one of the pillars of Air Liquide's Human Resources policy. The Group is strongly committed to fighting all forms of discrimination (nationality, gender, age, experience, ethnic origin, training). The diversity of its employees makes it possible to better listen to and understand different viewpoints, update thought processes and broaden recruitment visions in order to attract the best talents. Air Liquide operates on diverse and complex markets. Diversity helps anticipate and adapt to this complexity. The fact that 25 different nationalities are represented among the Group's senior managers is a considerable asset from this viewpoint.

In 2009, L'Air Liquide S.A. illustrated its commitment to diversity by signing the Charte de la Diversité (Diversity Charter) in France, available on the Company's website.

Air Liquide's objectives are to continue to increase diversity among its employees and to seek a better, more equitable division of responsibilities between men and women while placing more emphasis on the many cultures Air Liquide is composed of. For example, between 2003 and 2009, the percentage of women who were hired for managerial and engineering positions rose from 14% to 24%.

Air Liquide's general ambition is to have employees who are representative of the environment in which they work.

Training

Air Liquide is committed to training its employees on a regular basis. Training is an integral part of the Company's growth. It allows employees to work efficiently and safely while improving productivity and employability. In 2009, 71% of the Group's personnel had at least one training session during the year. The average number of training days per employee and per year reached 2.4 in 2009.

The Group has invested in better professional qualifications and training programs for young people to ease their integration into the business world. As a result, 195 young people have benefited from work-study contracts in France and abroad, combining theoretical learning in their university or school and a practical internship at Air Liquide.

In 2009, Air Liquide founded its corporate University. Based on a decentralized model – and therefore accessible to all employees – and equipped with modern, pedagogical techniques, it has a dual objective:

- proposing about 20 specific programs, ranging from integrating new employees to developing leadership capacities, as well as "business" training programs given by the different business lines;
- formalizing and rolling out the training processes and disseminating good practices that go hand in hand with the Group's training dynamic.

Since its creation, the Air Liquide University has already trained over 1,100 Group employees.

Remuneration

Employee remuneration is based on local market conditions, internal equity and applicable legislation. It is generally made up of a base salary plus complementary compensation elements. In 2009, 50% of employees received an individual variable share in their remuneration.

For some of the employees, this individual variable share includes sustainable development objectives: they focus on subjects such as energy, diversity and safety.

In addition, remuneration can also include benefits such as profit-sharing and medical expenses. In 2009, 97% of the employees benefited from some sort of social coverage through the Group.

The handicapped

For Air Liquide, diversity and equal opportunity also mean better insertion of handicapped employees into its teams, and through subcontracting to specialist companies or associations. In 2009, handicapped employees represented 1.2% of the Group's personnel.

The three agreements the Company signed with social partners in France are in line with this spirit. These agreements are about to be extended over a new three-year period.

Other actions have been implemented and are currently underway, in particular, offering internships or on-the-job training programs for handicapped people, maintaining employment of handicapped workers at Air Liquide and increasing cooperation with aid-through-work centers. This approach is coordinated in France by the *Mission Handicap Air Liquide*. This program also conducts awareness-raising operations in-house. So, in November 2009, on the occasion of the 13th week for the employment of the handicapped in France, Air Liquide mobilized to fully take part in this event. The aim was to sensitize the employees on this issue and to acquire a better understanding of handicaps in general.

Social dialogue

The European Works Council now has 28 employee representatives from 15 countries [(a)]. The composition of the Council evolves with the Group's acquisitions, the expansion of the European Union and according to the rules established by the Council's constitutional agreement. The Council meets once a year chaired by a member of the Executive Committee. The main themes discussed during this meeting are: safety, the Group's current activities, the annual financial statements and Air Liquide's strategy.

Today, 82% of Air Liquide's employees have access to a representation, dialogue or consultation structure.

Employee awareness-raising on sustainable development

Many initiatives are created at Air Liquide to raise employee awareness on sustainable development issues and encourage them to promote them in their daily activities. "Earth Day", the "One day without my car, one day for my planet" event and the "Better and Cleaner" Olympiads are a few examples.

"EARTH DAY"

On April 22, 2009, Air Liquide celebrated "Earth Day" and created an environmental questionnaire in 10 languages on the intranet.

Most of the Group's units took part in this initiative, organizing awareness-raising meetings on the subject and encouraging environmental actions. Over 2,000 questionnaires were also received, containing recommendations to promote the reduction of each employee's environmental impact on a daily basis. The suggestions most often mentioned were: waste sorting, energy savings, use of non-disposable cups in coffee machines and consumption of organic foods in the company restaurants.

"ONE DAY WITHOUT MY CAR, ONE DAY FOR MY PLANET"

In September 2009, Air Liquide conducted an in-house initiative "One day without my car, one day for my planet". A survey, in which over 3,000 people took part, confirmed that the car remains the most often used means of transportation for professional travels (75% of the answers).

Certain questions on the use of public transportation also made it possible to establish a hierarchy of the advantages and drawbacks of this means of transportation according to employees, and to understand its limited use. Although it is considered less polluting than the car (60% of answers), it is restrictive in terms of time (50% of answers). Since September, subsidiaries have been increasingly promoting carpooling as an alternative means of transportation.

This day helped raise employee awareness on sustainable development in the Group and on the CO_2 emissions generated by the employees' daily activities.

THE "BETTER AND CLEANER" CHALLENGE BETWEEN AIR LIQUIDE'S RESEARCH CENTERS

The "Better and Cleaner" Olympiads on sustainable development were launched in December 29 between all the Air Liquide R&D centers.

The purpose of this challenge is to raise awareness at the research centers on environmental questions by bringing them together around a common project whose goal is to reduce the intensity of the greenhouse gas effect of the Group's future products and services. This competition should make it possible to decrease the carbon footprint of each unit, while finding the best environmental practices developed by researchers worldwide.

(a) Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Italy, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden.

The evaluation of each center's annual environmental performances will be based on the monitoring of three key indicators for which standards of excellence were defined: paper consumption, water consumption and the frequency of air travel for business.

The best global performance and the greatest improvement compared to 2009 will both be rewarded at the end of 2010.

Three outstanding local initiatives, because of their role in lowering environmental impact, in sustainable development, or of their social benefits, will also be selected, as well as the best specific environmental project, evaluated in terms of sustainable development as well as its economic feasibility.

A RESPONSIBLE COMPANY VIS-À-VIS ITS SUPPLIERS AND SUBCONTRACTORS

Subcontracting

The total amount of subcontracting of the Air Liquide Group was 1,240 million euros in 2009. Subcontracted activities are mainly those that are not core businesses of the Group, that require specific resources and that can be called on to handle production overload.

Responsible purchasing in the Group

The Company is not only responsible from the economic viewpoint. It also has an environmental, social, societal and ethical role. Air Liquide's responsible purchasing approach is in line with this evolution. It is an extension of the Group's Sustainable Development approach.

The Group's responsible purchasing policy makes use of several tools. First, the buyers' code of conduct, which is a code that is integrated into the Group's purchasing policy (one out of the 12 policies of the BLUE BOOK, see below in the paragraph "Social and Environmental Responsability Policy") spells out the ethical principles of sustainable development on which purchasing is based. Translated into 13 languages, it specifies that suppliers must be transparently and fairly evaluated and that they are bound to respect Air Liquide's sustainable development commitments.

In addition, sustainable development clauses are being gradually included in certain Group framework contracts. These clauses allow for the possibility of conducting external audits at the suppliers' and subcontractors' concerned. They also include reporting elements, in particular on safety and energy and water consumption.

In 2008, Air Liquide published for the first time the number of accidents for subcontractors and temporary workers. In 2009, this indicator decreased, going from 154 accidents to 148 compared to the year before.

In 2009, the responsible purchasing policy was strengthened by the distribution of a sustainable development questionnaire, now accessible to all buyers who are required to present it to the new major suppliers. Certain answers are considered eliminatory: for instance, the absence of a commitment on health and safety, of regular inspections of high-risk tools, of respect for local legislation on minimum wage and finally, of the measurement of energy consumption.

In 2010, risk mapping on purchasing will be created to determine specific audits for certain suppliers.

A CORPORATE CITIZEN

Principles of action

In 2006, the Group formalized its Principles of Action in a document that explains its approach to all its key stakeholders (customers, personnel, suppliers, partners and local communities). Available in 16 languages, this document was distributed in 2007 to all the Group's units and can be consulted on the website in French and English: www.airliquide.com

Social and Environmental Responsibility Policy

As a complement to the Principles of Action, the Group's policies were completed and regrouped in 2009 in a global Reference Document called the BLUEBOOK. This Reference Document is accessible to all the Group's employees on the internal information systems that they usually use. These policies are in the form of Capital procedures, codes and reference guides.

In the BLUEBOOK, the Social and Environmental Responsibility Policy defines the commitments taken by the Group in the framework of its activities to promote the respect for and the safety of men and women, the protection of the environment, ethics and participation in the economic and social environment of the regions in which it operates.

This Social and Environmental Responsibility Policy has implemented a coherent Sustainable Development approach on every level of the Company and defines the orientations on this subject for the subsidiaries and departments.

Employee codes of conduct

The Group's subsidiaries are encouraged to implement local codes of conduct. This decentralized approach combines respect for local customs and regulations and Air Liquide's ethical commitment. It also helps the subsidiaries to embrace the Group's ethical principles by writing their own codes of conduct themselves in their working language. As a result, at the end of 2009, 69% of the Group's employees belonged to subsidiaries that have a code of conduct.

The implementation of these codes of conduct is supported by the Group Guidelines, which are a reference guide to Air Liquide's Social and Environmental Responsibility Policy. These Group Guidelines are based on 10 fundamental principles:

- respect for laws and regulations;
- respect for human beings: safety and hygienic conditions in the workplace, prevention of discriminatory actions, respect for third parties;
- respect for the environment;
- respect for competition law;
- respect for rules on insider trading;
- prevention of conflicts of interest: ties with a competitor, customer, supplier, respect for rules on corruption;
- protection of Air Liquide's activities: protection of information, property and resources;
- transparency and integrity of information;
- internal controls and audits;
- implementation of codes of conduct.

Details on these 10 fundamental principles are available on the Group's website.

These codes of conduct demonstrate the Group's commitment to respect the regulations concerning its economic activity but also ethical principles such as social rights and the fight against discrimination and harassment.

In addition, in 2007, a Group Ethics Officer was appointed. He is responsible for providing advice and assistance to the units in applying their codes of conduct. He also handles all the questions submitted by employees on implementing these codes of conduct.

Respect for competition Law

Furthermore, certain departments have drawn up guides and codes detailing their operating principles in their specific field.

Therefore, good practices have been created on competition law, especially in Europe and the United States. The most important rules on competition law are also included in the employee's local codes of conduct. For some of the Group's activities, healthcare in particular, specific codes of conduct have been developed on competition Law as well.

Finally, training seminars and compliance meetings on competition Law are regularly held throughout the Group.

Anti-corruption code of conduct

In 2009, the Group rolled out an anti-corruption code of conduct in all units. This code, which is part of the Social and Environmental Responsability Policy of the BLUE BOOK, provides a reminder of the laws on the fight against corruption and deals with relations with intermediaries, particular cases such as mergers, acquisitions and partnerships, types of payments requiring particular attention, as well as administrative and accounting traceability requirements. The Group is currently developing training seminars on this new code.

Corporate philanthropy

Social and human commitment is an ongoing concern for Air Liquide. The Group has, since its very beginnings, carried out philanthropic actions, especially in the preservation of life and the environment.

The purpose of the Air Liquide Foundation, created in 2008, is to encourage and develop these initiatives. It has a worldwide scope and supports projects in the 75 countries in which the Group operates.

The Foundation has three missions:

- in the environmental field, it supports scientific research on the preservation of our planet's atmosphere;
- in the health and respiration field, it supports scientific research on the human respiratory function;
- in the area of micro-initiatives, the Foundation encourages proximity actions with a local anchoring in the regions of the world where the Group is present and in which its has expertise, for example, in education, training, etc. Each micro-initiative is followed by an Air Liquide employee who is a volunteer sponsor. The Group's employees who would like to get involved can sponsor a project to which they are geographically close and in which they have an interest.

With a budget of nearly 3 million euros over five years, the Air Liquide Foundation provides an intervention framework for philanthropic initiatives that are presented to it and that correspond to its missions. It provides them with financial, material and human resources.

The Foundation's Board of Directors is composed of nine members comprised of five members of the Air Liquide Group, an employee representative and three exterior experts in the Foundation's three areas. The Board is chaired by Benoît Potier, Chairman and CEO of the Air Liquide Group. The Board of Directors is assisted in its functions by a Project Selection Committee that examines the projects submitted about four times a year. The Committee is comprised of seven members including a representative of the Shareholders Communication Committee.

Projects may be submitted, on line, in French or English *via* the Foundation's website, www.fondationairliquide.com.

In 2009, the Air Liquide Foundation supported 22 projects: 2 environmental research projects, 3 medical research projects and 17 micro-initiatives.

Among the environmental research projects, the Foundation backed in particular two projects on studying climate change in the Arctic. The project carried out by the physician and explorer Jean-

Louis Étienne concerns measuring CO_2 and aerosol concentration in the atmosphere. The goal of the “Under the Pole” project is to study the thickness of the ice pack.

Among the medical research projects, the project carried out by the PremUp Foundation in France on chronic respiratory diseases in premature infants focuses on identifying the inflammatory mechanisms that cause these pathologies and on developing new treatments.

In the framework of micro-initiatives, the Air Liquide Foundation is, for instance, supporting the creation of a social protection center in Long Haï, Vietnam, in the Ba Ria-Vung Tau province (southern Vietnam). Launched in partnership with the local public authorities and the associations Pour les *Enfants des Rizières* and *Enfance Avenir Partenariat Vietnam,* the construction of the center will make it possible to house and feed a hundred abandoned children, monitor their health, give them medical care and help them obtain an education.

Apart from these Air Liquide Foundation projects, the Group's units can carry out their own philanthropic actions. So, in 2009, Air Liquide Canada gave nearly 100,000 euros to the Centraide association in greater Montreal, which fights against all types of poverty in Canada. In addition, after the damage caused by the Morakot typhoon in August 2009 in Asia, Air Liquide Taiwan collected over 11,000 euros to help the victims.

STOREBRAND

This Norwegian major investment fund has positioned Air Liquide among the best companies for its environmental and social performances.

ETHIBEL SUSTAINABILITY INDEX

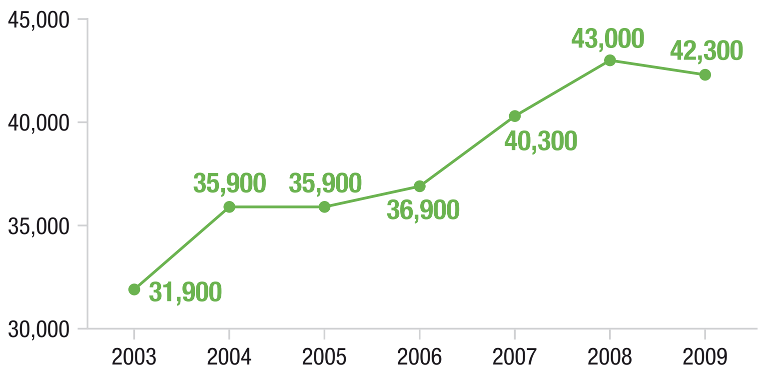
Ethibel, a European extrafinancial rating agency, that is part of the VIGEO group, selected Air Liquide as one of the leaders in sustainable development for the fifth consecutive year, including it in its “Ethibel Excellence” index.

INDICATORS AND OBJECTIVES FOR THE GROUP AS A WHOLE

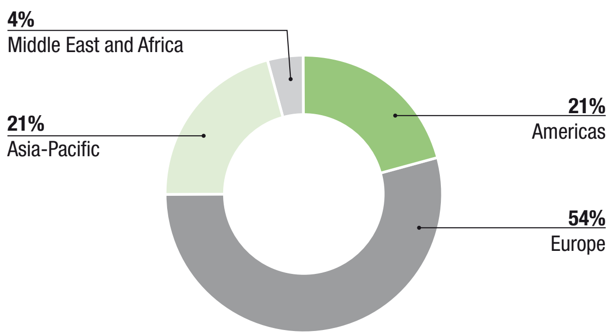
Employees [a]	2003	2004	2005	2006	2007	2008	2009
Group employees	31,900	35,900	35,900	36,900	40,300	43,000	42,300*
■ Women			8,310	8,670	9,630	10,300	10,300
in %			23%	23%	24%	24%	24%
■ Men			27,590	28,230	30,670	32,700	32,000
in %			77%	77%	76%	76%	76%
Joining the Group [b]						19.2%	10.5%
Leaving the Group [c]						12.5%	12.2%
% of employees having resigned during the year [d]		3.4%	3.7%	4.8%	5.0%	5.0%	3.2%

(a) Employees under contract, excluding temporary employees.
(b) Hiring or integration due to acquisitions. The percentage is calculated based on the number of employees at the end of 2008.
(c) Retirement, resignation, lay-offs, departures due to disposals… The percentage is calculated based on the number of employees at the end of 2008.
(d) Calculation based on the number of employees at the end of 2008.
(*) Indicator verified by the statutory auditors.

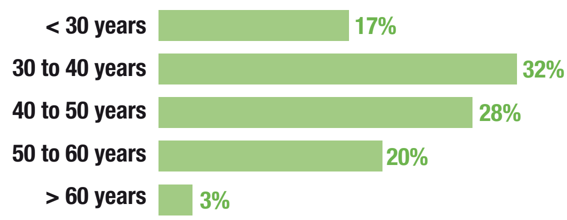
EVOLUTION OF EMPLOYEES OVER 7 YEARS



DISTRIBUTION OF EMPLOYEES BY GEOGRAPHIC ZONE



DISTRIBUTION OF EMPLOYEES BY AGE



Parity and Diversity	2003	2004	2005	2006	2007	2008	2009
Parity							
% women among engineers and managers	14%	17%	17%	18%	19%	22%	24%
% women among engineers and managers hired during the year	24%	31%	28%	29%	30%	29%	29%*
% women among employees considered as high potential	20%	21%	24%	27%	32%	32%	36%
Number of nationalities							
Among expatriates	36	36	36	40	40	48	46
Among senior managers	25	21	20	23	22	22	25
Among employees considered as high potential	35	37	40	43	44	42	47

(*) Indicator verified by the statutory auditors.

	2003	2004	2005	2006	2007	2008	2009
Training							
% total payroll allocated to training	About 3%	About 3%	About 3%	About 3%	About 3%	About 3%	About 2%
Average number of days of training per employee and per year (a)	2.5 days	2.7 days	2.6 days	2.7 days	2.9 days	3.1 days	2.4 (b) days*
% employees who attended a training program at least once during the year		67%	67%	70%	68%	71%	71%
Remuneration							
% employees with an individual variable share as part of their remuneration	36%	40%	41%	43%	49%	51%	50%
Performance review							
% employees who have had a performance review meeting with their direct supervisor during the year	60%	70%	72%	70%	71%	68%	73%* (c)
% employees who have had a career development meeting with the HR Department during the year				13%	20%	16%	14%
Ethics							
% employees belonging to a unit with a local code of conduct						57%	69%
Social performance							
Average seniority in the Group			12 years	12 years	11 years	10 years	11 years
% handicapped employees (d)			1.3%	1.3%	1.2%	1.2%	1.2%
% employees having access to a representation/dialogue/consultation structure			74%	77%	83%	81%	82%
% employees belonging to a unit at which an internal satisfaction survey was conducted within the last three years (e)			56%	71%	64%	58%	37%
% employees with benefits coverage through the Group (f)			98%	97%	98%	98%	97%
Employee shareholders							
% capital held by Group employees (g)	0.9%	0.9%	1.2%	1.1%	1.1%	1.0%	1.4%
% Group employees that are shareholders of L'Air Liquide S.A.		Over 40%	About 60%	About 50%	About 50%	Over 40%	Over 60%

(a) Calculated in average number of employees during the year.
(b) 18 hours a year according to the new calculation method in hours (base: 1 day = 7 hr. 30 min.).
(c) In 2009, calculated on the basis of employees with "long-term contracts".
(d) For the countries where regulations allow this data to be made available.
(e) Indicator for units of over 300 employees.
(f) Includes retirement benefits.
(g) In the meaning of article L225-102 of the French Code of Commerce.
(*) Indicator verified by the statutory auditors.

Parity

OBJECTIVE

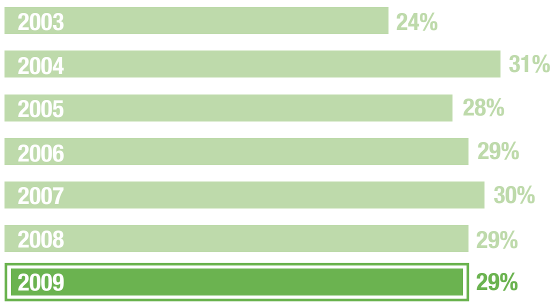
To strengthen the position of women in the Group, in particular through recruitment of engineers and managers. The Group's objective is to increase the hiring of women in this category, from nearly one out of three new hires to more than two out of five within five years (2005-2009).

MONITORING THE OBJECTIVE

In seven years (2003 to 2009), the percentage of women among engineers and managers hired in the Group went from 24% to 29%. In 2009, many countries have exceeded the Group's objective of 40%. In addition, women now represent 36% of all employees considered as having high potential. 11 general management positions in the subsidiaries are held by women in the Group.

During the same period, the percentage of women among engineers and managers in the Group rose from 14% to 24%. Today, the percentage of women among engineers and managers is the same as the overall proportion of women in the Group.

% OF WOMEN AMONG ENGINEERS AND MANAGERS HIRED OVER 7 YEARS



Training

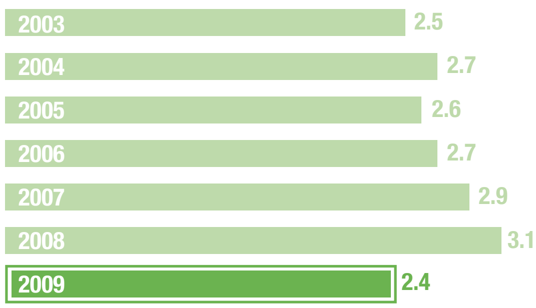
OBJECTIVE

To increase training opportunities so that by 2009, all employees have the chance to enhance their skills and facilitate their advancement through, on average, at least three training days a year.

MONITORING THE OBJECTIVE

In 2008, the number of training days per person and per years reached 3.1, going beyond the objective of three days that had been set. The year 2009, which underwent an unprecedented economic slowdown, requiring a strong cost reduction program throughout the Group, had an impact on training programs, bringing the number of training days down to 2.4 per employee. Through the launch of the Air Liquide University in 2009, the Group is determined to strengthen its employee training program and will set new and ambitious training objectives during the year 2010.

AVERAGE NUMBER OF TRAINING DAYS PER EMPLOYEE AND PER YEAR



Monitoring performance

OBJECTIVE

On every site, in every region, in every unit, the Group's objective is that 100% of its employees meet their direct supervisor once a year for a performance evaluation interview and meet a manager from the Human Resources Department about every three years for a career development interview.

MONITORING THE OBJECTIVE

In 2009, the percentage of employees having had a meeting with their direct supervisor in the Group strongly rose and reached 73%, the highest rate observed over the last seven years. The percentage of employees having had a meeting with their Human Resources Department was 14%. This department continues to focus on holding these meetings, which are the "keystone" of the Company's Human Resources policy.

% OF EMPLOYEES WHO HAVE HAD A PERFORMANCE REVIEW MEETING WITH THEIR HIERACHY DURING THE YEAR

Preserving life and the environment

Safety and the environment are at the heart of the company's industrial policy. Over 40 industrial and medical gas applications preserve life and the environment for the Group's customers: these applications represent **36% of revenue**.

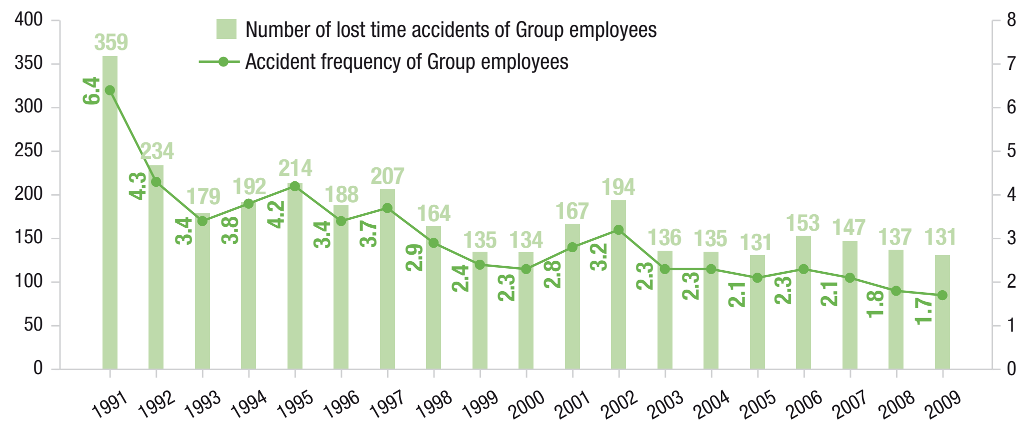
The year **2009** was not really representative of Air Liquide's activity because it was a year of **economic recession** in a large number of countries in which the Group is present.

- Despite this **difficult context**, the Group was able to maintain its utmost attention on **safety**: the number of accidents continued to drop and the accident frequency rate continued to improve to reach **the lowest frequency the Group has ever had**. The number of **accidents for subcontractors and temporary workers** also **decreased**.
- The **volumes of air gas** produced, and especially oxygen, **declined**. As a result, **electricity consumption** and in particular that of air separation units was **lower**, as well as the related indirect emissions of CO_2. For the same reason, **energy consumption per m³ of air gas** produced did **not improve** because many of the units functioned outside their optimal level of energy efficiency.
- **Total thermal energy consumption** and **direct CO_2 emissions** generally **increased** due mainly to the ramping up of the cogeneration unit in Pernis, the Netherlands.
- **Cogeneration** is a very energy efficient technique avoiding CO_2 emissions in comparison to units producing steam and electricity separately. The ramping up of the Pernis cogeneration unit **in 2009 greatly increased the amount of CO_2 emissions avoided by the Group.**
- Although the volume of hydrogen production also decreased slightly, the **energy performance** of **hydrogen** production units **continued to improve.**
- Finally, for all these reasons, the Group's **total** direct and indirect **greenhouse gas emissions declined slightly**.

GROUP SAFETY INDICATORS

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of lost time accidents of Group employees [a]	359	234	179	192	214	188	207	164	135	134	167	194	136	135	131	153	147	137	131
Accident frequency of Group employees [b]	6.4	4.3	3.4	3.8	4.2	3.4	3.7	2.9	2.4	2.3	2.8	3.2	2.3	2.3	2.1	2.3	2.1	1.8	1.7*
Number of accidents of subcontractors and temporary workers [c]																		154 [d]	148 [e]

(a) No fatal accidents in 2009, none in 2008, one in 2007, one in 2006, none in 2005.
(b) Number of accidents involving lost time per million hours worked by Group employees. Accidents defined as recommended by the International Labor Office.
(c) Personnel working in the framework of a contract with Air Liquide or on a Group site, or on a customer site or as a delivery vehicle driver.
(d) Including three fatal accidents (among them, two were traffic accidents).
(e) Including four fatal accidents (among them, two were traffic accidents).
(*) Indicator verified by statutory auditors.



OBJECTIVE

The Group's objective is zero accidents, on every site, in every region, in every unit.

MONITORING THE OBJECTIVE

In the difficult context of the year 2009, the Group continued to improve its safety policies and actions: the number of lost time accidents decreased and the accident frequency of 1.7 accidents per million hours worked is at its lowest level ever.

During the last 20 years, the accident frequency could be divided by four even if the number of employees increased by 50%, which confirms the Group's capability to communicate its safety culture to its new employees.

Furthermore, the Group assumes the same responsibility for safety for its subcontractors and temporary personnel. In 2009, the number of accidents of subcontractors and temporary workers decreased as well.

GROUP ENVIRONMENTAL INDICATORS

Presented here are the environmental elements most representative of the Group's businesses. They concern:

- large air separation units;
- cogeneration units;
- hydrogen and carbon monoxide units;
- acetylene units;
- nitrous oxide units;
- carbon dioxide liquefaction and purification units;
- units in the hygiene and specialty chemicals sectors;
- units for welding equipment and products;
- Engineering and Construction units;
- Research and Development centers and technical centers;
- transportation;
- waste and byproducts.

MOST RELEVANT ENVIRONMENTAL INDICATORS FOR THE TOTAL OF THE 10 UNITS (474 SITES OR PRODUCTION UNITS) IN THE WORLD SCOPE

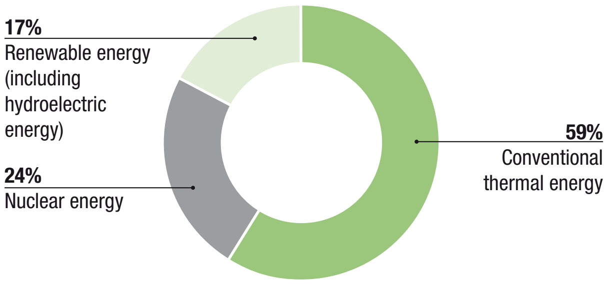
	Scope	2004	2005	2006	2007	2008	2009
Total annual electricity consumption *(in GWh)*	World	17,636	20,991	22,281	23,232	23,223	21,139*
Total annual thermal energy consumption *(in LHV Terajoules)*	World	128,357	143,082	155,725	160,033	177,395	183,381*
Evolution of energy consumption per m^3 of air gas produced	**World**	**100.0**	**101.2**	**101.0**	**100.0**	**101.3**	**103.3***
Evolution of energy consumption per m^3 of hydrogen produced [(a)]	**World**	**100.0**	**99.0**	**98.3**	**98.3**	**97.1**	**97.0***
Total annual water consumption *(in millions of m^3)*	World	44	49	55.6	57.4	59.7	59.9* [(b)]
Annual amount of CO_2 emissions avoided by cogeneration and on-site units *(in thousands of tonnes)*	World	-647	-723	-757	-636	-638	-830
Total direct emissions of greenhouse gases (GHG) *(in thousands of tonnes CO_2 eq.)* [(c)]	World	6,205	7,342	7,917	8,100	9,014	9,386* [(d)]
Total indirect GHG emissions *(in thousands of tonnes CO_2)* [(e) (f)]	World			7,631	7,995	7,952	7,447*
Total direct and indirect GHG emissions *(in thousands of tonnes CO_2 eq.)*	**World**			**15,548**	**16,095**	**16,966**	**16,833***

(a) Also includes the quantities of carbon monoxide produced in these units.
(b) Representing less than 0.5 one-thousandth of the industrial water consumption of the countries under review.
(c) Includes CO_2 emissions and nitrous oxide emissions.
(d) Representing less than 1 one-thousandth of GHG emissions in the countries under review.
(e) Calculation takes into account the primary energy source each country uses to produce electricity (source: International Energy Agency).
(f) Total indirect GHG emissions generated by the production of electricity purchased outside the Group. The indirect emissions only concern CO_2 emissions.
** Indicator verified by the statutory auditors.*

Analysis of direct and indirect emissions and electric energy used

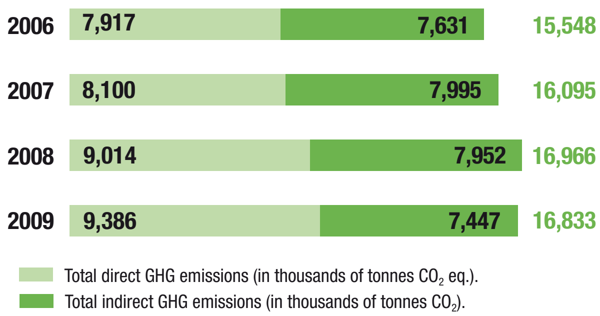
ORIGIN OF ELECTRIC ENERGY USED [a]

By taking into account the different types of primary energy in the countries where the Group is present, it is possible to present the global breakdown of the electrical energy used.



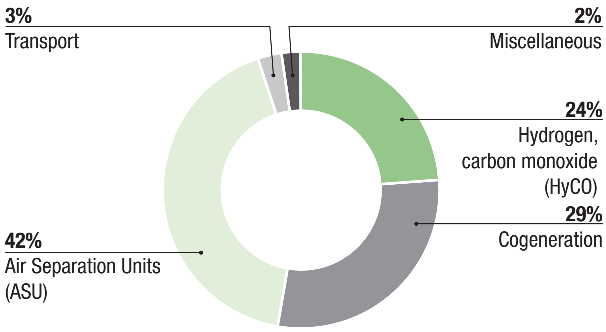
(a) Calculation takes into account the primary energy source each country uses to produce electricity (source: International Energy Agency).

DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS [b]



(b) Indirect emissions only concern CO_2 emissions.

BREAKDOWN OF DIRECT AND INDIRECT EMISSIONS OF GREENHOUSE GASES (GHG) (ASU, COGEN, HYCO, TRANSPORT, MISCELLANEOUS)



DETAILS ON INDICATORS FOR EACH OF THE 10 UNIT TYPES, TRANSPORTATION AND WASTE AND BYPRODUCTS

1. Air separation units

Worldwide, Air Liquide operates **265 large air separation units**. They produce oxygen, nitrogen and argon, with some sites producing rare gases like krypton and xenon.

Environment: These **factories "without chimneys"** do not use any combustion process. Since they produce almost no carbon dioxide (CO_2), sulfur oxide (SOx) or nitrogen oxide (NOx) emissions, they are particularly environmentally friendly. They consume electricity almost exclusively: worldwide, they use about **2,300 MW** each instant, the equivalent of the production of two nuclear power plants. Their cooling systems require back-up water.

Air separation units	Scope	2004	2005	2006	2007	2008	2009
Annual electricity consumption *(in GWh)* [(a)]	World	16,931	20,179	21,379	22,296	22,235	20,141
Evolution of energy consumption per m^3 of gas produced [(b)]	**World**	**100.0**	**101.2**	**101.0**	**100.0**	**101.3**	**103.3***
Annual back-up water consumption *(in millions of m^3)*	World	28	32	34.2	36.2	34.6	33.2
Evolution of back-up water consumption per m^3 of gas produced [(c)]	**World**	**100.0**	**103.6**	**100.4**	**98.1**	**95.8**	**102.1**
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 2,000	Below 1,000	Below 500	Below 500	Below 250	Below 250
Discharge to water: suspended solids *(in tonnes)*	World	Below 2,000	Below 1,000	Below 500	Below 500	Below 250	Below 250

(a) *Also including small volumes of purchased steam.*
(b) *Gases produced (oxygen, nitrogen, argon) calculated in m^3 of equivalent gaseous oxygen. Base 100 in 2004.*
(c) *Excluding the energy consumption of units with an open cycle water cooling system. Base 100 in 2004.*
* *Indicator verified by the statutory auditors.*

OBJECTIVE

To reduce, within five years (2005 to 2009), the Group's annual world consumption of electrical energy by air separation units, at constant scope, by at least 400 GWh, or the annual domestic consumption of electricity of a city of 180,000 people and which leads to an emission reduction of about 140,000 tonnes of CO_2 per year.

MONITORING THE OBJECTIVE

The unprecedented downturn in the global economy that began in late 2008 forced to Group to operate numerous air separation units far from their optimal conditions. The economic slowdown continued through most of the year 2009 even if there were signs of economic recovery late in 2009. This impact of this economic slowdown on the efficiency of our operations was profound, erasing the previous gains of efficiency and cumulatively presented a decline of 784 GWh compared to 2004. In spite of this setback, the Group remains dedicated to reducing its environmental footprint by reducing energy consumption needed to produce its products and continues to invest in energy efficiency programs.

EVOLUTION OF ENERGY CONSUMPTION PER m^3 OF GAS PRODUCED IN AIR SEPARATION UNITS

2. Cogeneration units

Worldwide, Air Liquide operates **18 cogeneration units**. They produce steam and electricity simultaneously. They consume natural gas and water, most of which is converted into steam for customers. Most of the steam is condensed by these customers and then reused in the cogeneration unit. In most cases, the electricity produced is supplied to the local electricity distribution network.

Environment: Combustion of natural gas gives off carbon dioxide (CO_2) and produces some nitrogen oxide (NOx) emissions, but practically no sulfur oxide (SOx) emissions. The cogeneration units are more energy efficient concerning CO_2 emissions than separate production units for electricity and steam. They therefore help reduce CO_2 emissions in the industrial basins they supply. In 2009, the Group's cogeneration units **avoided 772,000 tonnes of CO_2 emissions being discharged into the atmosphere**, so they were about **14% more efficient** than the separate production of electricity and steam.

In 2009, the increase in energy consumption and CO_2 emissions of the cogeneration units came from the ramping up of the Pernis cogeneration unit in the Netherlands. This unit replaces older units using heavy crude oil. **Consuming natural gas, the Pernis unit essentially reduces CO_2 and sulfur oxide emissions.**

Cogeneration units	Scope	2004	2005	2006	2007	2008	2009
Annual natural gas consumption (or thermal energy) *(in LHV Terajoules)*	World	74,065	67,474	68,584	64,685	74,168	87,642
Annual amount of CO_2 emissions into the atmosphere prevented through cogeneration units [(a)] *(in thousand of tonnes)*	World	-647	-666	-693	-573	-575	-772
Emissions into the atmosphere: CO_2 (carbon dioxide) *(in thousand of tonnes)*	World	4,155	3,785	3,848	3,629	4,161	4,917
Emissions into the atmosphere: NOx (nitrogen oxide) *(in tonnes)*	World	2,060	2,350	2,630	2,300	2,700	3,160
Emissions into the atmosphere: SOx (sulfur oxide) *(in tonnes)*	World	Below 100	Below 100	Below 100	Below 50	Below 50	Below 50
Annual water consumption *(in millions of m^3)*	World	7.9	7.9	8.7	7.9	11.5	13.5

(a) Calculation takes into account the primary energy source that each country uses to produce electricity (source: International Energy Agency).

3. Hydrogen and carbon monoxide production units

Worldwide, Air Liquide operates **36 large hydrogen and carbon monoxide production units.** They also produce steam for certain customers. Carbon monoxide is an indispensable raw material for producing plastics in the chemical industry. These units primarily use natural gas and certain amounts of water required for the reaction that produces hydrogen.

Environment: The **desulfurization of hydrocarbons** to produce sulfur-free fuels is one of the main applications for hydrogen. In 2009, the hydrogen Air Liquide supplied to refineries throughout the world resulted in **avoiding about 700,000 tonnes of sulfur oxide emissions being discharged into the atmosphere**, which is greater than all the sulfur oxide emissions from a country like France. These units emit carbon dioxide (CO_2) and lead to nitrogen oxide (NOx) emissions but produce practically no sulfur oxide (SOx). They also consume electricity and their cooling systems require back-up water.

The energy efficiency of these units per m^3 of CO_2 of gas produced by these units continued to improve in 2009 and reached almost 3% compared to 2004, which is equivalent to a decrease in CO_2 emissions on the scale of 100,000 tonnes per year.

Hydrogen and carbon monoxide units	Scope	2004	2005	2006	2007	2008	2009
Annual thermal energy consumption *(in LHV Terajoules)*	World	54,021	75,380	86,699	94,880	102,717	95,306
Annual electricity consumption *(in GWh)*	World	375	435	507	512	518	478
Evolution of energy consumption per m^3 of gas produced [(a)]	**World**	**100.0**	**99.0**	**98.3**	**98.3**	**97.1**	**97.0***
Emissions into the atmosphere: CO_2 (carbon dioxide) *(in thousands of tonnes)*	World	1,789	2,895	3,389	3,795	4,226	3,923
Emissions into the atmosphere: NOx (nitrogen oxide) *(in tonnes)*	World	Below 1,000	700	800	950	860	750
Emissions into the atmosphere: SOx (sulfur oxide) *(in tonnes)*		Below 500	Below 500	Below 500	Below 250	Below 250	Below 250
Annual consumption of process and back-up water *(in millions of m^3)*	World	5	5.3	9.6	9.8	10.6	10.2
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 50	Below 100	Below 100	Below 100	Below 200	Below 200
Discharge to water: suspended solids *(in tonnes)*	World	Below 500	Below 500	Below 500	Below 500	Below 1,000	Below 1,000

(a) Hydrogen and carbon monoxide. Base 100 in 2004.
(*) Indicator verified by statutory auditors.

EVOLUTION OVER 6 YEARS OF ENERGY CONSUMPTION PER m^3 OF GAS PRODUCED IN HYDROGEN AND CARBON MONOXIDE UNITS

4. Acetylene production units

Worldwide, Air Liquide operates **51 acetylene production units** (a gas used mainly in welding and metal cutting). 50 of them produce this gas through the decomposition of a solid – calcium carbide – using water. One unit fills cylinders with this gas wich is delivered by another industrial company.

Environment: This process produces lime, which is generally recycled (at around 90%) in industrial and agricultural applications (cf. paragraph on waste and by products).

Acetylene units	Scope	2004	2005	2006	2007	2008	2009
Annual electricity consumption *(in GWh)*	World			12	11	10	10
Annual water consumption *(in millions m^3)*	World	0.4	0.4	0.4	0.4	0.4	0.3
Annual calcium carbide consumption *(in tonnes)*	World	36,200	38,900	38,100	38,500	41,100	34,100
Estimate of emissions of volatile organic compounds (VOC) into the atmosphere *(in tonnes)* [(a)]	World				170	140	150

(a) Mainly loss of acetylene into the atmosphere.

5. Nitrous oxide production units

Worldwide, Air Liquide operates **10 nitrous oxide production units**. Nitrous oxide is used primarily as an anesthetic gas in the healthcare sector and as a sweetening agent in the food industry.

It is produced from ammonium nitrate in solid form or as a solution in water.

Nitrogen oxide units	Scope	2004	2005	2006	2007	2008	2009
Annual electricity consumption *(in GWh)*	World	6	6	7	6	6	5
Annual water consumption *(in millions of m^3)*	World	0.1	0.1	0.1	0.1	0.1	0.1
Annual ammonium nitrate consumption *(in tonnes)*	World	25,100	24,500	24,540	21,500	20,000	19,000
Emissions of nitrous oxide into the atmosphere *(in tonnes)*	World	800 [(a)]	800 [(a)]	800 [(a)]	780	550	410 [(b)]

(a) Estimate for 2004 to 2006.
(b) Corresponding to the equivalent of 127,100 tonnes of CO_2.

6. Carbon dioxide liquefaction and purification units

Worldwide, Air Liquide operates **61 carbon dioxide liquefaction and purification units**. Carbon dioxide has many industrial applications but is used mainly in the food industry to deep-freeze foods or to produce carbonated beverages.

Environment: Carbon dioxide is most often a byproduct of chemical units operated by other manufacturers. In some cases, it is found naturally in underground deposits. It is purified and liquefied in Air Liquide units, which consume electricity and cooling water. In this way, carbon dioxide is reused for other industrial applications instead of being directly emitted into the atmosphere.

Carbon dioxide liquefaction and purification units	Scope	2004	2005	2006	2007	2008	2009
Annual electricity consumption *(in GWh)*	World	306	353	320	340	375	411
Annual water consumption *(in millions of m^3)*	World	1.8	1.9	1	1.2	1.3	1.7
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 100	Below 100	Below 50	Below 50	Below 50	Below 150
Discharge to water: suspended solids *(in tonnes)*	World	Below 100	Below 100	Below 50	Below 50	Below 50	Below 50

7. Hygiene and specialty chemicals production units

Hygiene and specialty chemicals production units are located at **eight sites** in France, Belgium, Germany and China. These units consume natural gas, electricity and water. Combustion of natural gas produces small quantities of carbon dioxide.

Air Liquide contributes to patient safety at the hospital with disinfectant and antiseptic products and related services. The Group's experts work closely with hospitals to help them reduce the risk of nosocomial infections and contamination.

Hygiene and specialty chemicals units	Scope	2004	2005	2006	2007	2008	2009
Annual electricity consumption *(in GWh)*	World	18	18	18	20	22	21
Annual thermal energy consumption *(in LHV Terajoules)* [(a)]	World	271	228	245	245	274	234
Air emissions: CO_2 (carbon dioxide) *(in thousands of tonnes)*	World	12	9	9	9	10	9
Air emissions of volatile organic compounds (VOC) *(in tonnes)*	World				320	250	150
Annual water consumption *(in millions of m³)*	World	0.6	0.5	0.5	0.5	0.6	0.4
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 1,000	Below 1,000	Below 1,100	Below 1,000	Below 1,000	Below 800
Discharge to water: suspended solids *(in tonnes)*	World	Below 100	Below 100	Below 100	Below 100	Below 100	Below 100

(a) Including thermal energy corresponding to steam purchases.

8. Welding equipment and products production units

The **welding equipment and products production units** are mainly located on **13 sites** in the world. They are welding equipment assembly (electric welding units, torches, regulators) or welding consumables (electrodes, welding wire and flux) production units.

Welding equipment and products production units	Scope	2006	2007	2008	2009
Annual electricity consumption *(in GWh)*	World	57 [(a)]	67 [(a)]	68 [(a)]	49
Annual thermal energy consumption *(in LHV Terajoules)*	World	197	223	218	166
Emissions of CO_2 into the atmosphere *(in thousands of tonnes)*	World	11	13	12	9
Annual water consumption *(in millions of m³)*	World	1.1	1.2	0.5	0.4
Annual consumption of raw materials *(in thousands of tonnes)* [(b)]	World		150	170	116

(a) Values revised in 2009. Modifications not taken into account in the synthesis table p. 59.
(b) Metals and materials for the production of welding products.

9. Engineering and Construction units

The **Engineering and Construction** units are located at **six sites,** in France, China, Japan and India. They are mainly units for the construction of air separation columns and cryogenic tanks.

Environment: Lurgi's integration into the Air Liquide Group broadened the Group's portfolio of engineering technologies, in particular in production processes for hydrogen and syngas, biofuels (bioethanol, biodiesel) and methanol. In addition, Lurgi is one of the world leaders in sulfur recovery processes.

Engineering and Construction units	Scope	2007	2008	2009
Annual electricity consumption *(in GWh)*	World	11	10	11
Annual water consumption *(in millions of m³)*	World	0.1	0.1	0.1
Annual consumption of raw materials *(in thousands of tonnes)* [(a)]	World	7.2	7.7	4.5

(a) Mainly metals.

10. Principal Research and Development Centers and technical centers

The **principal Research and Development centers and technical centers** are located at **six sites** in France, Germany, the USA and Japan. Although these centers' environmental impact is very low compared to other Group units, it was nevertheless decided to present their environmental impact.

***Environment:* Over 60% of the R&D budget** is directly earmarked for **environmental issues** (saving energy, producing in a cleaner way, developing energies of the future) and **protecting life.**

Research and Development centers and technical centers	Scope	2008	2009
Annual electricity consumption *(in GWh)*	World	8	13
Annual thermal energy consumption *(in LHV Terajoules)*	World	18	33
Discharge of CO_2 into the atmosphere *(in thousands of tonnes)*	World	1	2
Annual water consumption *(in millions of m^3)*	World	0.02	0.02

11. Transportation

In 2009, trucks delivering Air Liquide liquid gases or gas cylinders travelled **363 million kilometers** throughout the world and emitted about **399,000 tonnes of carbon dioxide**. On-site nitrogen, oxygen and hydrogen units reduced truck deliveries, a source of carbon dioxide (CO_2) emissions. These on-site units were able to **save the 54 million extra kilometers** travelled by trucks and therefore the emission of **58,000 tonnes of carbon dioxide**.

Environment: Supplying large customers via pipeline from the Group's production units also considerably limits truck transportation. These pipeline systems, which are environmentally friendly and safe, total over **8,500 kilometers worldwide**. For air gases and hydrogen, which represent most of the volumes the Group delivers, **85% of deliveries are made via pipeline or through on-site units**. **As a result, only 15% of all air gases or hydrogen are delivered by trucks.**

	Scope	2003	2004	2005	2006	2007	2008	2009
Kilometers traveled by all vehicles delivering gas in liquid or cylinder form *(in millions of km)*	World	303	325	369	375	377	395	363
Estimate of CO_2 emissions generated by these vehicles *(in thousands of tonnes)*	World			404	411	413	433	399
Evolution of the efficiency of deliveries for liquefied gases (oxygen, nitrogen, argon, carbon dioxide) [(a)]	**World**	**100**	**96.1**	**98.0**	**96.3**	**95.1**	**95.9**	**97.6**
Estimate of truck transport kilometers avoided through on-site customer units *(in millions of km)*	World	-55	-54	-56	-60	-59	-58	-54
Estimate of CO_2 emissions avoided by these on-site units *(in thousands of tonnes)*	World			-57	-64	-63	-63	-58
Percentage of deliveries of air gases and hydrogen via pipeline or on-site	World			84% [(b)]	85%	84%	84%	85%

(a) In km per tonne delivered. Base 100 in 2003.
(b) In 2005, this percentage only applied to air gases.

12. Waste and byproducts

Although the quantity of waste and byproducts produced is small, with a concern for exhaustiveness of the reporting and exemplarity, Air Liquide nonetheless decided to publish the following estimated figures.

The main waste and byproducts produced by the Group's production units are lime from the acetylene production units (byproduct), metal waste, oils, paints and solvents.

Environment: The average recycling ratio of waste is over 90% [(a)].

Waste and byproducts	Scope	2008	2009
■ Annual quantity of lime produced (extracted dry equivalent) by the acetylene production units *(in tonnes)*	World	47,000	39,400
% recycled	World	Over 90%	Over 90%
■ Metal waste *(in tonnes)* [(b)]	World	9,500 [(c)]	6,000
% recycled	World	Over 99%	99%
■ Oils *(in tonnes)*	World	700 [(c)]	600
% recycled	World	88%	89%
■ Paints and solvents *(in tonnes)*	World	200 [(c)]	200
% recycled	World	8%	30% [(d)]

(a) Calculation is based on the weight of the waste.
(b) Metal waste that is not dangerous.
(c) Values revised in 2009.
(d) In addition, 50% are incinerated.

"CARBON CONTENT" OF AIR LIQUIDE'S MAIN PRODUCTS IN 2009

Taking into account the characteristics of Air Liquide suppliers of electricity, the Group has built a model [(a)] calculating the "carbon content" of its main products in certain countries. These figures include both direct and indirect [(b)] emissions, those connected to production, filling and also transportation.

In 2008, the "carbon content" of oxygen, nitrogen and hydrogen delivered via pipeline, oxygen and nitrogen delivered in liquefied form and oxygen delivered in pressurized cylinders was indicated.

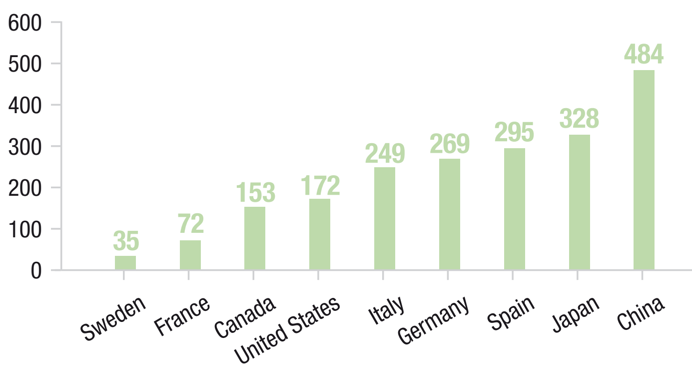
In 2009, the calculation of the "carbon content" is expanded to other products (nitrogen and argon in cylinders, liquefied carbon dioxide) and other countries in Europe (Italy, Spain, Sweden), North America (Canada) and Asia (China).

"CARBON CONTENT" OF AIR LIQUIDE'S MAIN PRODUCTS IN 2009 (gCO_2/Nm^3 [(c)])

		Europe					North America		Asia	
		France	Germany	Italy	Spain	Sweden	United States	Canada	Japan	China
Oxygen	Oxygen via pipeline [(d)]	72	269	249	295	35	172	153	328	484
	Liquid oxygen	150	484	458	531	96	321	294	595	846
	Oxygen in cylinders [(e)]	478	793	800	837	269	657	685	[(f)]	[(f)]
Nitrogen	Nitrogen *via* pipeline [(d)]	24	89	82	97	11	57	51	108	160
	Liquid nitrogen	106	320	306	351	75	216	200	395	550
	Nitrogen in cylinders [(e)]	431	621	640	648	246	547	587	[(f)]	[(f)]
Argon	Argon in cylinders [(e)]	584	1190	1167	1272	320	910	912	[(f)]	[(f)]
CO_2	Liquid CO_2	114	215	242	252	62	264	134	[(f)]	[(f)]
		Belgium					United States			
Hydrogen	Hydrogen via pipeline [(g)]	619					668			

(a) The methodology and calculations for the model of these figures were validated by Ecofys, a consulting firm specialized in sustainable development. These calculations take into account in each country the different energy sources used to produce electricity (source: International Energy Agency). In the USA, the calculation of indirect emissions for air gases takes into account the data from the main electricity production units that supply Air Liquide.
(b) Concerning the CO_2 emissions from electricity production consumed by Air Liquide.
(c) $Nm^3 = m^3$ of gas at atmospheric pressure at 0 °C.
(d) At 40 bar, pressure standard for these pipelines.
(e) At 200 bar, pressure standard for cylinders.
(f) Not available.
(g) At 100 bar, pressure standard for these pipelines.

"CARBON CONTENT" OF OXYGEN VIA PIPELINE IN SOME COUNTRIES WHERE AIR LIQUIDE IS PRESENT (gCO_2/Nm^3 [(c)])



The figure above shows a large variation from one country to another because of the major differences in the type of energy used in each country, notably to produce electricity. For example, in France and Sweden, electricity production units use very little coal (which emits a great deal of CO_2), unlike in Germany, the USA and Japan.

INDUSTRIAL MANAGEMENT SYSTEM (IMS) AND QUALITY, ENVIRONMENTAL AND HEALTH AND SAFETY CERTIFICATIONS

In 2004, the Group launched a new industrial management system (IMS) to strengthen safety, reliability, the preservation of the environment and risk management. **The system is now implemented in nearly all the Group's operations (over 99% of the Group's revenue).** At the start of 2007, a new indicator was established to track the percentage of revenue covered by the Group's IMS internal audits. In 2007, 2008 and 2009, **46 units** were audited, representing **76%** of the Group's activities in terms of revenue.

The Group has taken several other quality initiatives, especially in the implementation of good production practices (Common Good Manufacturing Practices), the "Responsible Care" and ISO certification. ISO 9001 quality certifications cover about 74% of the Group's revenue.

The Group has also undertaken a proactive approach to preserving the environment by obtaining ISO 14001 certifications, an international reference for environmental management. **These ISO 14001 certifications now cover about 25% of the Group's revenue.**

Furthermore, Air Liquide adopted the QHSAS 18001 certification concerning occupational health and safety management and covering in 2009 about 14% of the Group's revenues.

Likewise, **environmental incidents,** like accidents involving personnel safety, are reported by Air Liquide subsidiaries worldwide. They are analyzed in depth depending on their nature so that prevention measures can be strengthened.

	Scope	2004	2005	2006	2007	2008	2009
Estimate of the Group entity's revenue that had an internal IMS audit	World				46%	71% [a]	76%
Estimate of Group entity's revenue covered by an ISO 9001 quality certification	World	65%	67%	73%	73%	75%	74%
Estimate of Group entity's revenue covered by an ISO 14001 environmental certification	World	14%	15%	22%	24%	24%	25%
Estimate of Group entity's revenue covered by an OHSAS 18001 occupational health and safety management system	World						14%

(a) Figure revised during the 2009 reporting.

PRINCIPAL EUROPEAN DIRECTIVES AND REGULATIONS APPLICABLE TO AIR LIQUIDE IN THE ENVIRONMENTAL AND SAFETY FIELDS

SEVESO 2 DIRECTIVE

This European directive focuses on preventing major industrial risks. It applies to any facility where dangerous substances exceed certain quantities. These facilities are divided into two categories according to this quantity: Seveso 2 "high threshold" and "low threshold". In Europe, mainly because of their stocks of oxygen, 93 "low threshold" and 23 "high threshold" Air Liquide sites are involved. Seveso regulations apply only to Europe but if the Seveso "high threshold" criteria were applied worldwide, 21 other Group sites could be included.

CO_2 DIRECTIVE IN EUROPE

The objective of the European directive, which establishes a quota system for greenhouse gas emissions in Europe, is to decrease these emissions like the Kyoto Protocol. Implementation for CO_2 in the industrial sector began on January 1, 2005. As air separation units emit practically no carbon dioxide, this directive only applied, for the 2005-2007 period, to Air Liquide's five cogeneration sites and two hydrogen production sites in France, the Netherlands and Spain. Air Liquide's quotas (about 1.2 million tonnes of CO_2 per year) for the 2005-2007 period covered the emissions observed.

For the second period (2008 to 2012), the directive will only apply to seven cogeneration sites in France, Germany, the Netherlands and Spain and a single hydrogen production site in Belgium. Air Liquide's quotas (about 2.9 million tonnes of CO_2 per year) should cover the anticipated emissions.

For the third period (2013-2020), in addition to the sites mentioned, the directive will propose to encompass the Group's other large hydrogen production sites in Europe. The specific quota allocation methods for CO_2 emissions are currently being drawn up by the European Union on the basis of the revision of the ETS (Emissions Trading Scheme) directive voted in December 2008.

EUROPEAN REACH REGULATION

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a European Union regulation (therefore directly applicable in the Union's member states) that governs the registration, evaluation and authorization of chemical products produced in or imported to the Union.

This regulation went into effect on June 1, 2007, but the registration and evaluation procedures will be spread out over about 12 years.

Air Liquide's main products such as oxygen, nitrogen, rare gases, CO_2, hydrogen and helium are excluded from the scope of REACH.

Carbon monoxide, acetylene and a few specialty gases in electronics fall, however, under these regulations. In addition, one quarter of the revenue of the specialty chemicals business is concerned by REACH.

In total, less than 10% of the Group's revenue is concerned by REACH.

An innovative company

Air Liquide was founded in 1902 through an innovation, a new liquefaction and air separation technology. Innovation remains an essential value of the Company. Air Liquide files around 250 patents a year. Innovation and sustainable development are inseparable.

A certain number of indicators in the innovation field are presented below.

Above and beyond these indicators, innovation is an integral part of Air Liquide's culture and is one of the basic components of its Sustainable Development approach.

Certain patented innovations make a major contribution to the Group's growth. Each year, Air Liquide singles out the inventors of patents that have been successfully commercialized.

Each year on November 8th, the anniversary of the Group's foundation in 1902, the Group celebrates an Innovation Day during which the main innovations developed during the year are exhibited.

Over 60% of the Group's R&D budget is devoted to work on life, the environment and sustainable development with four major subjects:

- **CO_2 capture and storage,**
- **hydrogen, a clean energy carrier,**
- **second-generation biofuels,**
- **development of industrial gas applications in the photovoltaic industry.**

Despite the difficult context of the year 2009, the Group **maintained its innovation budget at 218 million euros**. Likewise, the number of patents filed during the year attained the **record figure of 280**, which is greater than that for each of the preceding six years.

INDICATORS FOR THE GROUP AS A WHOLE

	2009
Innovation budget	218 million euros
Number of researchers	1,000 researchers with 30 nationalities
Number of research centers	8
Industrial partnerships	Over 100
Academic collaborations	Over 120 with universities and research institutes
Number of inventions patented	2,508

Patents	2004	2005	2006	2007	2008	2009
New inventions patented during the year	225	236	267	263	257	280
Patents filed directly in the Group's four main zones of operation [(a)]	109	103	108	152	129	156

(a) According to the definition of the Group's intellectual Property Department.

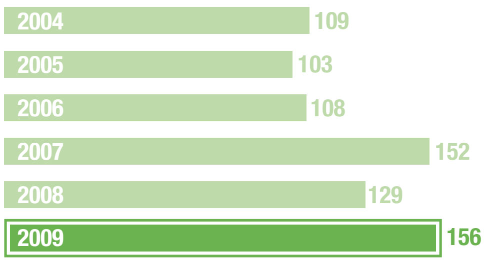
OBJECTIVE

To disseminate innovations within the Group and promote innovators. Within five years (2005-2009) and in the largest number of fields, to file over 500 new patents, an average of 100 per year, directly usable in the Group's four main operation zones: Europe, the United States, Japan and China [a].

MONITORING THE OBJECTIVE

The Group's objective to file 500 new patents within five years (2005-2009) in these four zones has been topped with 648 new patents during the same period thanks to strengthened policies for patent filing in China.

NUMBER OF PATENTS FILED [a] IN THE GROUP'S FOUR MAIN PRESENCE ZONES (EUROPE, THE UNITED STATES, JAPAN AND CHINA)



(a) According to the definition of the Group's Intellectual Property Department.

Appendix

CORRESPONDENCE BETWEEN AIR LIQUIDE'S SUSTAINABLE DEVELOPMENT INDICATORS AND THE INDICATORS OF THE "GLOBAL REPORTING INITIATIVE" (GRI) [(a)]

Air Liquide indicators	GRI indicators
Human Resources	
Group employees	LA1
Distribution of employees by geographic zone	LA1
Turnover of employees (leaving the Group)	LA2
% of women	LA13
% of women among engineers and managers	LA13
Average number of days of training per employee and per year	LA10
% of employees who have had a performance review meeting with their direct supervisor during the year	LA12
Diversity (number of nationalities)	LA13
% employees with benefits coverage through the Group	LA3
Safety	
Number of lost time accidents of Group employees	LA7
Accident frequency of Group employees	LA7
Number of accidents of subcontractors and temporary workers	LA7
Energy and environment	
Total annual electricity consumption	EN3/EN4
Total annual thermal energy consumption	EN3/EN4
Evolution of energy consumption per m^3 of air gas produced	EN6
Evolution of energy consumption per m^3 of hydrogen produced	EN6
Total annual water consumption	EN8
Total direct greenhouse gas emissions	EN16
Total indirect greenhouse gas emissions	EN16
Total direct and indirect greenhouse gas emissions	EN16
Consumption of materials (calcium carbide, ammonium nitrate, materials for welding)	EN1
Emissions into the atmosphere (NOx)	EN20
Emissions into the atmosphere (SOx)	EN20
Emissions into the atmosphere (VOC)	EN20
Discharge to water (oxidizable matter, suspended solids)	EN21
Total mass of waste by type and waste treatment	EN22
Transportation	
Estimate of CO_2 emissions by truck delivery	EN29
Estimate of CO_2 emissions avoided through on-site units.	EN29

(a) Global Reporting Initiative (GRI): network - based organization that sets out principles and indicators that can be used to measure and report economic, environmental and social performances.

Corporate Governance

Report from the Chairman of the Board of Directors

(approved by the Board of Directors on February 12, 2010)

Composition, preparation and organization of the work of the Board of Directors

As of December 31, 2009, the Board of Directors was comprised of eleven members appointed by the Annual General Meeting, including four foreign members (German, British, Dutch and American). A Director's term of office is four years. Renewals are staggered. Since May 2006, the Board of Directors has elected to assign the role of Chief Executive Officer to the Chairman. The Board of Directors confirmed its intention to renew the terms of office of Mr. Benoît Potier as Chairman and Chief Executive Officer of the Company at the meeting to be held at the close of the Annual General Meeting of May 5, 2010.

The concurrent holding of the offices of Chairman of the Board of Directors and Chief Executive Officer is justified by the wish to maintain a close relationship between executive officers and shareholders, in keeping with Company tradition. The combined duties are carried out in compliance with the rules of sound governance to which L'Air Liquide has always adhered and some of which, dating back to the period during which the Company had Management and Supervisory Boards, have been maintained: high prevalence of independent Directors within the Board of Directors and 3 specialized Committees each chaired by an independent member; breakdown of appointments and remuneration issues between 2 separate Committees, it being specified that the Chairman and Chief Executive Officer may not be present for any discussions relating to him personally; strengthening of the role of the Appointments Committee with regard to governance which has as from 2010 changed its name to the Appointments and Governance Committee; a high degree of transparency in the Board's operations, particularly for decisions relating to remunerations which are published on the Company's website after meetings; steady balance in the relations between Executive Management and the Board, mainly due to the limitations on Executive Management's powers, with the Board's approval being required for major transactions.

CODE OF CORPORATE GOVERNANCE

The Board of Directors confirmed that, in keeping with the Group's previous practices, the AFEP/MEDEF Code of corporate governance for listed companies (December 2008) is the Code to which the Company agrees to voluntarily refer. The updated December 2008 version of this Code is available on the site http://www.medef.fr/ ("corporate governance" section).

At its meeting in January 2010, the Appointments Committee and Remuneration Committee reviewed each of the provisions of the AFEP/MEDEF Code of corporate governance with regard to the Company's current practices and acknowledged that the Company complied with virtually all the provisions.

The measures adopted during 2009 and in early 2010 to properly align the Company's corporate governance practices with the provisions of the AFEP/MEDEF Code of corporate governance are set out in this report and the report on the remuneration of corporate officers and Directors.

In accordance with Article L. 225-37 of the French Commercial Code, where applicable, those provisions of the aforementioned Code that were not taken into consideration and the reasons for this are stated in this report and the report on the remuneration of corporate officers and Directors.

The principles governing the professional ethics of Directors, the composition, the role and the rules of operation of the Board and its Committees are for the most part defined in the internal regulations.

PROFESSIONAL ETHICS OF DIRECTORS – RIGHTS AND OBLIGATIONS OF DIRECTORS

- The internal regulations summarize the **main obligations** imposed on Directors.

  The Directors represent all the shareholders and shall act in all circumstances in the Company's best interests.

  Each Director undertakes to meet the obligations imposed upon him by the articles of association and the various legal, regulatory or internal Company provisions and, more specifically, the internal rules relating to the prevention of insider trading or the obligations to report transactions involving the Company's shares.

  Each Director undertakes to notify the Board of any conflict of interest with the Company and to refrain from voting in the corresponding deliberation. Each Director is bound to an obligation of secrecy.

  Each Director shall endeavor to take part in all meetings of the Board and the Committees of which the Director is a member, and attend the Shareholders' Meetings.

  Each Director shall keep him/herself informed and devote the time and attention required to perform his/her duties.

  Under the Company's articles of association, each Director must hold at least 500 registered shares in the Company.

- Furthermore, an **internal memo on the prevention of insider trading** sent to the Directors at the beginning of the year outlines in greater detail the applicable legal and regulatory obligations; it also sets the restrictions for dealing in Company shares by defining abstention periods during which members may not trade in those shares.

The provisions governing Directors' rights and obligations and particularly their **obligations to report any transactions** involving the Company's shares are included in the manual for members of the Board of Directors updated annually and most recently in September 2009.

COMPOSITION OF THE BOARD OF DIRECTORS

The internal regulations stipulate that:

> "Members are chosen for their skills, their integrity, their independence of mind and their determination to take into account the interests of all shareholders"
>
> "The composition of the Board of Directors shall reflect diversity and complementarity of experience, nationalities and cultures, including a significant number of executive managers or former executive managers; the Board of Directors shall look for persons possessing skills in the following areas: marketing, services, industry, finance, health, research and technology."

The internal regulations include **guidelines,** although not written in stone, **for the Board's composition,** particularly in terms of number (normally between 10 and 12), the balance between (former) executives and external members, the duration of the terms of office (4 years, staggering of renewals of terms of office, limiting the proportion of members with more than 12 years of office to one third), age or the proportion of independent members, thus aiming to comply with best practices in terms of corporate governance. Finally, the internal regulations specify that the plans to increase the number of women on the Board of Directors will be continued. The internal regulations have been published in their entirety on the Company's website.

INDEPENDENCE OF BOARD MEMBERS

Based on the full definition of independence set out in the AFEP/MEDEF Code of corporate governance, the internal regulations define the criteria applied within the Company to assess the **independence** of Board members.

> "A member of the Board of Directors is independent when he/she has no relationship of any kind with the Company, its Group or its management which may interfere with his/ her freedom to exercise his/her judgment.
>
> In this frame of mind, the criteria which may provide guidance to the Board in order to classify a member as independent will be as follows:
>
> - he/she is not and has never been an employee or member of the Executive Management of the Company;
> - he/she does not hold office as Chairman, Chief Executive Officer, Chairman or member of the Management Board of a company in which the Chairman of the Board of Directors, the Chief Executive Officer or a Senior Executive Vice-President of Air Liquide is a Director or member of the Supervisory Board;
> - he/she must not have any business relations with the Air Liquide Group which represent a significant part of the business activities (i) of the Company of which the Director is a member of the Executive Management or (ii) of Air Liquide;
> - he/she does not have any close family links with the Chief Executive Officer or a Senior Executive Vice-President;
> - he/she must not have been an auditor of the Company during the previous five years."

The criteria used are mainly based on the aforementioned AFEP/MEDEF Code of corporate governance. However, the Board did not consider that terms of office exceeding 12 years would disqualify a Board member from being independent. Conversely, former employees or officers of the Company may not be considered as independent even if the termination of their duties took place more than five years earlier.

An assessment of the independence of the members is included on the agenda for Board meetings once a year. To support its analysis, the Board uses a chart summarizing the purchases and sales implemented during the previous year between companies of the Air Liquide Group and companies of the Group within which an Air Liquide Director (or proposed Director) also holds a term of office. Such figures are weighted against the total purchases and sales of each group to measure their significance. For fiscal year 2009, such chart shows that the sales of the Air Liquide Group to any of the groups concerned or the purchases of the Air Liquide Group from any of these groups never exceed 0.5% of the overall sales or purchases of the Air Liquide Group or any of the groups concerned.

Following such analysis, the Board determined that, as of December 31, 2009, the following members are independent: Beatrice Majnoni d'Intignano, Thierry Desmarest, Cornelis van Lede, Gerard de La Martiniere, Rolf Krebs, Thierry Peugeot, Karen Katen and Paul Skinner. Thus, eight of the eleven members of the Board of Directors are independent as of December 31, 2009. The Board also considered that Jean-Paul Agon, whose candidacy was submitted to the Annual General Meeting of May 5, 2010, was independent. Following the Annual General Meeting of May 5, 2010 held to vote on the renewal of the terms of office of Béatrice Majnoni d'Intignano, Benoît Potier and Paul Skinner and the appointment of Jean-Paul Agon, nine of the twelve members of the Board of Directors will be independent.

ROLE OF THE BOARD OF DIRECTORS

The Board of Directors **determines the major orientations** of the Company's activities. Accordingly, it examines and approves the Group's **major strategic orientations.**

It ensures the implementation of these orientations by Executive Management.

Subject to the powers expressly attributed to Shareholders' Meetings by law and in accordance with the corporate purpose, the Board deals with any issues concerning the smooth running of the Company and manages corporate business pursuant to its decisions.

The internal regulations stipulate that the **specific powers** legally attributed to the Board of Directors include in particular the choice of corporate officers, the determination of the terms and conditions governing the remuneration and performance of their duties, the convening of the Shareholders' Meeting, the determination of the agenda and draft resolutions, the preparation of the financial statements and Annual Management Report, the drafting of its operating procedures (formation of Committees, distribution of Directors' fees, etc.). The Board also exercises the **powers granted to it by the Shareholders' Meeting,** particularly with regard to the granting of stock options or the conditional allotment of shares to employees, issues of marketable securities, or share buyback or employee savings programs.

RELATIONSHIP WITH EXECUTIVE MANAGEMENT

The internal regulations specify the rules **limiting the powers of Executive Management**, by defining the thresholds above which certain key decisions require prior authorization by the Board of Directors, in accordance with Article 13 of the articles of association:

- sureties, endorsements and guarantees above an individual amount of 80 million euros or for an annual combined amount above 250 million euros;
- external sales or contributions (to non-controlled companies) of equity interests or lines of business, mergers, spin-offs or partial business transfers, completed above a unit amount of 150 million euros or for an annual combined amount, for each of these categories of transactions, exceeding 300 million euros; external sales or contributions of real estate assets above a unit amount of 80 million euros or for an annual combined amount in excess of 150 million euros;
- pledging collateral above a unit amount of 80 million euros or for an annual combined amount in excess of 150 million euros;
- commitments for investments, external acquisitions, or subscriptions to share capital increases above a unit amount of 250 million euros or for an annual combined amount of over 400 million euros;
- financing operations involving sums that could substantially change the Group's financial structure;
- any transaction that could substantially change the Group's strategy.

Furthermore, the Board shall be notified prior to any fundamental information system review resulting in costs of more than 250 million euros.

FUNCTIONING OF THE BOARD OF DIRECTORS

Informing the Directors: the internal regulations define the methods for informing the Directors. They specify, in particular, that prior to Board meetings, a file of meeting documentation dealing with key items on the agenda is sent out to Board members. The Chairman and Chief Executive Officer, assisted, if need be, by Executive Management members presents to the Board of Directors a quarterly report on the Company's management, in the same way as the Management Board reported previously to the Supervisory Board, the draft annual and interim financial statements and the various issues requiring the Board's authorization or approval.

Conduct of meetings: the internal regulations define the frequency of meetings and the rules of convening meetings and participation by video-conference or telecommunications.

Formation of committees: the internal regulations define the purpose and operating procedures of the three committees set up (see below).

Training measures: the internal regulations stipulate that training relating to the Company's businesses is offered to Directors, particularly through site visits or meetings with senior management executives. More particularly, information on the Group's accounting, financial and operational specificities is offered to members of the Audit and Accounts Committee.

APPRAISAL OF THE BOARD OF DIRECTORS

The internal regulations stipulate that:

> "The Board will ensure that an evaluation is carried out periodically of its composition, its organization and its functioning as well as those of its committees. An update will be made by the Board on this topic once a year and a formal evaluation will be carried out under the authority of the Chairman of the Board of Directors every three years."

In line with the formal appraisals carried out in 2002, 2004, 2005 and 2007, the functioning of the Board of Directors and its committees was evaluated in 2009. An individual assessment questionnaire with a specific section allowing committee members to specifically comment on each committee's operations was submitted to each member. The summary of responses presented by the Chairman of the Appointments Committee to the November 2009 Board revealed an overall very positive assessment of the Board's operations, with again particular emphasis on the freedom of expression within. Among the wishes expressed during this appraisal was the strengthening of the Board's composition in terms of competencies (marketing, finance) and diversity (feminization, knowledge of Asia). Such initiatives include the proposed appointment of Jean-Paul Agon at the 2010 Annual General Meeting. With regard to the Board's scope of involvement, plans have been made to bolster competitive strategy analyses, develop the reports of the Audit and Accounts Committee concerning Group risk management and organize a presentation on the Group's management of sustainable development issues. These points will feature on the agenda of

Board meetings in 2010. Finally, requests were made for the Board meeting timetable to be reviewed. Accordingly, it is planned that, as from 2010, the June meeting will last a full day. Recommendations for actions, presented by the Chairman to each Director during individual interviews, were discussed and approved at the Board's November meeting.

Due to the collective nature of the Board the assessment questionnaire concentrates on the overall contribution of members to the Board's operations; for this same reason, the internal regulations do not provide for the meeting of external Board members without the presence of internal Directors. The amendment to the internal regulations introduced in early 2010, however, was intended to strengthen the role of the Appointments Committee with regard to governance issues and led to the change in name to the Appointments and Governance Committee. In particular, the Committee is responsible for assisting the Chairman and Chief Executive Officer, at their request, in their dealings with independent Directors, and acting as a forum of dialogue aimed at preventing potential situations of conflict on the Board.

THE BOARD'S WORK IN 2009

In 2009, the Board of Directors met six times with an effective attendance rate or attendance rate by telephone of 95.6%.

The Board dealt with a variety of matters related to the following areas:

Monitoring of the Group's day-to-day management, particularly by:

- reviewing the **quarterly activity reports** presented by Executive Management; the annual and interim parent company and consolidated **financial statements** in the presence of the Statutory Auditors used to determine the **dividend distribution policy** and authorize the distribution in 2010 of one bonus share for every 15 shares held;
- reviewing, at each meeting, the Group's **financial position** in the context of an exceptional international economic crisis;
- reviewing the **minutes** of **Committee** meetings;
- making **decisions,** in particular with respect to the investments necessary for the Group's medium-term development and corresponding financing capacities, the EMTN program, the stock options and conditional grant of shares to employees plans or the development of employee savings schemes;
- reviewing at each meeting the **report** on **ongoing acquisitions, disposals and major projects;**
- reviewing **corporate documents:** responding to wishes from the Central Works Council, and reviewing the report on employee-related matters and forward-planning documents;
- preparing the **Annual General Meeting** (agenda, draft resolutions, Annual Management Report and other reports contained in the Reference Document prepared or approved by the Board of Directors, responses to shareholders' written questions).

Monitoring of the Group's main strategies on significant issues

As part of the presentations made by Executive Management and certain senior executives, the Board of Directors closely considered the **development of employee share ownership** by initiating an employee subscription plan in March and monitoring its results (February and May), **the Group growth strategy and its business portfolio** (June) **with particular focus on the development of major projects** (February, July and November), **market capitalization** (June), **corporate governance rules** (February and November) and the **renewal of the Statutory Auditors' terms of office** (June, July and November).

Corporate governing bodies

AFEP/MEDEF Code of corporate governance

Pursuant to the AFEP/MEDEF Code of corporate governance, the Board of Directors decided to amend certain measures adopted previously, mainly with regard to the concurrent holding of an employment contract and corporate office by the Chairman and Chief Executive Officer, termination indemnities and allocation of stock options to corporate officers.

Concerning Executive Management:

CHANGES IN THE EXECUTIVE MANAGEMENT

The Board of Directors duly acknowledged Klaus Schmieder's decision to assert his pension rights and subsequently resign from his position of Senior Executive Vice-President as of December 31, 2009, the expiry date of his term of office. The Board of Directors extended its warmest thanks to Klaus Schmieder for his significant contribution to the Group's development in the past five years. As from January 1, 2010, the new management team comprised Benoît Potier, Pierre Dufour as Senior Executive Vice-President and Jean-Pierre Duprieu, Senior Vice-President.

EMPLOYMENT CONTRACT/CORPORATE OFFICE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to the AFEP/MEDEF Code of corporate governance, which recommends that Chairmen and Chief Executive Officers do not combine an employment contract with their corporate office, the Board of Directors was informed of Benoît Potier's decision to resign from his employment contract (suspended since May 10, 2006) subject to the condition precedent of the renewal of his term of office as Director and Chairman and Chief Executive Officer which should take place on the occasion of the Annual General Meeting of May 5, 2010. He will thus be Chairman and Chief Executive Officer, a corporate officer without an employment contract. To take into account the consequences arising from the termination of this employment contract, Benoît Potier's status was reviewed. The amendments made are outlined in the following pages of this report and the report on management remuneration.

They were also made public in a press release that was uploaded on the Company's website on February 17, 2010.

REMUNERATION

The Board determined the remuneration policy applicable to the members of Executive Management. This policy, which is based on the relevance and stability of performance criteria, in order to develop a long-term vision securing the best interests of the Company and shareholders, includes:

- a **short-term component** systematically compared with the practices of other similar companies, comprising a fixed portion and a variable portion. The criteria governing the fixed and variable portions are shown in the report on remuneration (page 97);
- a **long-term incentive** by granting share subscription options that are fully subject to performance requirements as from 2009 (page 99);
- **other conditions governing the terms of office** of senior executives.

  Benoît Potier and Pierre Dufour benefit from the **pension plans** applicable to senior managers and executives that break down into a defined contribution plan and a defined benefit plan. Klaus Schmieder decided to assert his pension rights as from January 1, 2010 under this plan. These plans were amended in early 2010 in order to reduce the proportion of the defined benefit plan in favor of the defined contribution plan within the pension amount payable. Details of these pension plans are shown in the report on remunerations (page 102). Benoit Potier and Pierre Dufour also benefit from **commitments to receive termination indemnities** in certain cases where their **duties would be terminated** on the Company's initiative and subject to performance conditions in accordance with the Law of August 21, 2007 (the "TEPA" law) (see details in the report on remuneration on page 104).

  Benoît Potier, in his capacity of Chairman and Chief Executive Officer, and Pierre Dufour, in his capacity of Senior Executive Vice-President and employee, benefit from the **death and disability benefits plan** applicable to senior managers, which was slightly amended as of January 1, 2010 (see page 103).

  Benoît Potier, whose initially suspended employment contract will be terminated at the close of the Annual General Meeting of May 5, 2010 subject to the condition precedent of the renewal of his term of office as Director and Chairman and Chief Executive Officer, is entitled to the **unemployment insurance for corporate managers and executives.** He is also entitled, if applicable, to an **indemnity to compensate for the loss of pension rights** until 2012 under a transitional plan, subject to performance conditions, awarded by the Board of Directors on February 14, 2008 and approved by the Annual General Meeting of May 7, 2008 in accordance with the procedure applicable to regulated agreements. This commitment was adjusted in 2010. See the report on remuneration (see page 104).

  The full description of long-term commitments as well as commitments relating to the termination of duties and the regulated agreements and commitments procedure applicable to them is presented on pages 102 to 106 of this document and in the Special Auditors' Report on page 254.

All the various components of remuneration of the executive officers proposed by the Remuneration Committee and approved by the Board of Directors take into account the principles of comprehensiveness, balance, benchmark, consistency, readability and measurement as recommended by the AFEP/MEDEF Code of corporate governance and are particularly based on several external reviews, the interest of shareholders who expect steady performance and the motivation of the relevant officers.

In accordance with the aforementioned Code, the remuneration components of executive officers are made public after the Board's meeting during which they are approved.

SHAREHOLDING OBLIGATION

- In accordance with Article L. 225-185 of the French Commercial Code, the Board of Directors decided that for each stock option plan, starting with the May 9, 2007 plan and as from the exercise date of the granted options, executive officers should hold until the termination of their duties a defined minimum quantity of registered shares arising from each stock option exercised under each plan.

  This quantity will be calculated at the option exercise date based on the stock market price of the shares on this date (opening quoted price) and should represent a minimum amount equal to 50% of the capital gain on acquisition less social security contributions and taxes (calculated at the maximum theoretical tax rate) on each exercise.

  However, this percentage may be revised downwards without falling below 10%, from the moment when the quantity of shares arising from the exercise of stock options held by an executive officer, covering all plans from May 9, 2007 onwards and calculated at the stock market price (opening quoted price), would represent at the date of each exercise a minimum amount at least equal to 50% of the total capital gains on acquisition less social security contributions and taxes (calculated at the maximum theoretical tax rate) on all plans as from May 9, 2007 (including the exercise of stock options concerned).

  This rule will be regularly reviewed by the Board at the date of each stock option plan.

  This rule was reiterated by the Board of Directors in June 2009 when share subscription options were granted to the executive officers.

- In addition, in February 2008, the Board decided to impose on executive officers an obligation to hold a number of shares equivalent to double the annual gross fixed remuneration for the Chairman and Chief Executive Officer and equal to the annual gross fixed remuneration for the Senior Executive Vice-President. The number of shares includes the quantity of shares arising from the exercise of the stock options that executive officers must hold pursuant to the decisions of the Board of Directors adopted in accordance with Article L. 225-185 of the French Commercial Code, without however restricting the enforcement of such decisions. Executive officers have a period of 4 years in order to satisfy this obligation.

Concerning the Board of Directors itself:

COMPOSITION

Appointment – Renewal of terms of office

- At the Annual General Meeting of May 7, 2009, the Board of Directors proposed to renew the terms of office of Alain Joly, Thierry Desmarest and Thierry Peugeot. The Board decided that, on this date, Thierry Desmarest would act as Chairman of the Appointments Committee and Cornelis van Lede as Chairman of the Remuneration Committee.
- The Board of Directors proposed to renew the terms of office of Béatrice Majnoni d'Intignano, Benoît Potier and Paul Skinner as Directors that expire at end of the Annual General Meeting of May 5, 2010 and appoint Jean-Paul Agon as a new Director. The terms of office of Béatrice Majnoni d'Intignano and Paul Skinner within the Audit and Accounts Committee will be renewed at the close of the Annual General Meeting.

Amendments to the internal regulations of the Board

Upon the recommendations of the Appointments Committee, certain internal regulations governing the age limits of Directors, the staggering of terms of office and the concurrent holding of corporate office were reviewed. Considering the current trends towards a longer working life, the Board of Directors decided to extend from 67 to 70 the age limit over which a Director's term of office would not in principle be renewed (this limit being raised to 74 if such Director is a former Company executive). The Board also decided to limit the number of other corporate offices that a Company Director may hold in French or foreign listed company to 5 (this number is reduced to 3 for a Director performing the duties of Chief Executive Officer). All of these provisions were added to the guidelines in the internal regulations governing the Board's composition, without however being considered as written in stone. Finally, the Board of Directors decided to strengthen the role of the Appointments Committee with regard to governance, changing the Committee's name to the "Appointments and Governance Committee" as from 2010.

REMUNERATION

- The Board decided to maintain, in its substance, for 2009 the formula for distributing Directors' fees within the budget authorized most recently by the Annual General Meeting of May 7, 2008 for a maximum amount of 650,000 euros per fiscal year. The formula includes a fixed component together with a variable remuneration based on lump-sum amounts per meeting and a specific compensation for non-resident members. The Board, however, reviewed the amounts payable to members of the Audit and Accounts Committee and its Chairman as well as the Chairmen of the Appointments Committee and of the Remuneration Committee in connection with the first-time separation of these positions (see breakdown on pages 98 and 99). It was also decided that as of January 1, 2010, Benoît Potier will no longer receive Directors' fees with respect to his term of office as Director.

APPRAISAL

- In 2009, the Board carried out an evaluation of its functioning in connection with a new appraisal.
- The Board assessed the independence of each of its members.

Several days prior to each of the Board's meetings, a file of meeting documentation dealing with key items on the agenda is sent out to Board members. Every meeting includes a detailed presentation by the members of Executive Management on all items included on the agenda. On specific issues, members of the Executive Committee or senior managers are regularly asked to provide their input. In addition, the Statutory Auditors are involved in meetings where financial statements are reviewed. Presentations give rise to questions and discussions before resolutions are put to the vote. Detailed written minutes are then sent to members for review and comment before being approved by the Board of Directors at the next meeting.

THE COMMITTEES

The Board of Directors has set up three Committees:

The Audit and Accounts Committee

As of December 31, 2009, the Audit and Accounts Committee had four members: Gerard de La Martiniere, Chairman of the Committee, Paul Skinner, Beatrice Majnoni d'Intignano and Rolf Krebs. All the members, including the Chairman, are independent.

The Committee members combine experience in business management with economic and financial expertise. A former finance inspector, former general secretary of the COB (formerly the French securities and exchange regulatory body) and former member of the Management Board and Vice-President of Finance, Audit and Strategy of the AXA Group, Gerard de La Martiniere provides the Committee with his extensive financial expertise and knowledge of stock market regulations.

COMPOSITION AND PURPOSE AS DEFINED IN THE INTERNAL REGULATIONS

The Audit and Accounts Committee must be comprised of three to five members of the Board of Directors and at least two-thirds of its members must be independent.

Tasks

"The purpose of the Committee is to prepare the decisions to be taken by the Board of Directors by examining the following issues and reporting on them to the Board:

By receiving reports:

jointly and separately, in order to compare and combine different points of view, from:

- the Finance, Administration and Legal Divisions;
- the Internal Audit and Internal Control Management;
- the external auditors.

Concerning the following points:

- existing organization and procedures in the Group;
- their actual functioning;
- how the financial statements and the accounts are drawn up.

In order to reach:

by comparing and combining the points of view collected and using their business judgment based on professional experience, a reasonable judgment concerning:

1. accounts and accounting principles used (their conformity in relation to the reference standards, a fair and complete reflection of the Group's situation, transparency, readability, consistency over time);
2. existence and functioning of control organizations and control procedures adapted to the Group, making it reasonably possible to identify and manage the risks incurred and to report on them;
3. organization of the internal audit function, the plans for assignments and actions in the internal audit field, the findings of these assignments and actions and the recommendations and ensuing measures taken;
4. choice and renewal of the external auditors, review of the tendering process, opinion on the selection of external auditors and the rotation of audit partners, review of proposed fees, information on the overall fees paid indicating the amount of fees paid for non-audit services.

The Committee:

1. collects the observations of Executive Management on these various issues. It hears the Chief Executive Officer or Senior Executive Vice-Presidents at the Committee's request or at the request of the persons concerned;
2. reports to the Board of Directors on its work, informing it of any problems that may be encountered, observations made to Executive Management and progress made in relation to these observations."

The Committee meets at least three times a year, and always before the Board meetings held to review the annual or interim financial statements.

An initial verbal report is given to the Board by the Committee Chairman. A written report of the meeting, approved by the Committee members, is transmitted to the Directors. The Committee may ask to convene the Group's employees. It may meet the Statutory Auditors or members of the Internal Audit Department in person. It may call on external experts for assistance.

THE AUDIT AND ACCOUNTS COMMITTEE'S WORK IN 2009

The Audit and Accounts Committee met four times with an effective attendance rate or attendance rate by telephone of 93.75%.

- The Committee **reviewed the consolidated annual and interim financial statements** and the statutory accounts and took due note of the Company's financial situation, cash flow position and commitments. During the Chief Financial Officer's presentation, the Committee more particularly analyzed provisions, other operating income and expenses, cash flow, taxation, risk exposure and off-balance sheet items. In the context of the 2009 economic crisis, the Committee heard reports on the Group's financing and debt position at each meeting.
- In addition, the Committee heard the **presentations of the Statutory Auditors** underlining the key results and the accounting options adopted and took note of their conclusions.
- The Committee also heard regular reports on the main assignments carried out by the **Internal Audit Department,** the follow-up of any corrective actions taken and the Internal Audit Department's main assignments for the forthcoming year. The Committee took due note of the section in this report on internal control and risk management procedures and recommended its approval by the Board of Directors.
- At the beginning of the year, the Committee reviews the Statutory Auditors' fees in respect of the prior year.
- Given that the Company's Statutory Auditors' terms of office expire in 2010, the Committee coordinated the selection procedure and reviewed the engagements and organization of the Group's external audit (June, July and November). In this context, and given the change in one of the Statutory Auditors in 2004, the Committee did not recommend organizing a call for tenders. Following this process, the Committee recommended to the Board of Directors to renew the terms of office of Ernst Young and MAZARS as Statutory Auditors, with replacement of the signatory partners of each firm.
- In addition, **specific presentations** were made to the Committee on the following matters: organization of the Finance Department (June), risk management process (June), management of Lurgi's Engineering and Construction activity (November), derivatives (June), bank relations portfolio (November), litigation/tax risks (July) and promotion of awareness regarding compliance with antitrust rules (July).
- Finally, the Committee **reviewed its tasks and operations** in light of the provisions of Article L. 823-19 of the French Commercial Code introduced by the Ordinance of December 8, 2008 (July, November). Following an extensive analysis of the Committee's procedures in the past few years, the Committee concluded that, for the most part, the definition of its tasks and their implementation complied with the new legal provisions. However, in the context of a changing environment, the Committee sought review of its role by the Board of Directors with regard to monitoring internal control and risk management system effectiveness and supervising the process for preparation of financial information. Regarding the first point, a methodology for monitoring each type of risk identified by the Group (particularly the identification of management and supervisory bodies and procedures) and an appropriate schedule (annual review or reviews at more widely spaced regular intervals according to risk type) were defined. As for the second point, it was agreed that the Committee's supervision of the process for preparation of financial information would be strengthened through the *ex ante* or *ex post* submission of additional financial reporting documents (draft press release; presentation to analysts for example). It was decided that the Committee's annual working time would be increased.

Several days prior to each meeting, a file of meeting documentation is sent out to Committee members. Each Committee meeting is preceded by a preparatory meeting attended by the Committee Chairman assisted by the Committee secretary and a member of Executive Management, if necessary, the Chief Financial Officer, the Chief Internal Auditor and the Group executives who will make presentations to the Committee. During the meeting, presentations given, if necessary before a member of Executive Management, either by the Chief Financial Officer, the Internal Audit Department, the management executive specializing in the area under discussion or the Statutory Auditors during the accounts presentation meetings are followed by discussions. A verbal, then a written report of each meeting is prepared for the Board of Directors.

The Committee Chairman regularly meets alone with the Chief Internal Auditor and the Statutory Auditors outside the presence of members of Executive Management. He receives the internal audit report summaries. In addition, after accounts presentation meetings, Committee members meet alone with the Statutory Auditors without the presence of company representatives.

Considering the presence within the Committee of Directors from abroad, Committee meetings are held the day before or the morning before Board of Directors' meetings; in these circumstances, the financial statements cannot be reviewed by the Committee at least two days prior to the Board's review as recommended in the AFEP/MEDEF Code of corporate governance. However, Committee members are in a position to review the financial statements well in advance through other means (preparatory meeting with the Committee's Chairman more than one week prior to the aforementioned meeting; dispatch of files to Committee members several days in advance).

The issues relating to appointments and remuneration are assigned to two separate committees.

The Appointments and Governance Committee

As of December 31, 2009, the Appointments and Governance Committee had three members: Thierry Desmarest, Chairman of the Committee, Alain Joly and Cornelis van Lede. Of the three Committee members, two are independent. The Chairman is independent.

COMPOSITION AND PURPOSE AS DEFINED IN THE COMPANY'S INTERNAL REGULATIONS

The Appointments Committee, which became the Appointments and Governance Committee as from 2010, must be comprised of three to four members of the Board of Directors and the majority of its members must be independent. The Chairman and Chief Executive Officer attends Committee meetings and is closely involved in its discussions. However, he may not be present for any discussions of the Committee relating to him personally. The Committee meets at least three times a year. The conclusions of Committee meetings are presented by the Committee Chairman for discussion and decision-making at the next Board of Directors' meeting.

Tasks

Pursuant to the internal regulations, the purpose of the Appointments and Governance Committee is to:

1. Concerning the Board of Directors:

- make proposals to the Board of Directors for renewal and appointment of Directors. The Committee looks for new members on the basis of its evaluation of the needs and developments expressed by the Board of Directors;
- make proposals to the Board of Directors for the creation and composition of Board Committees;
- periodically evaluate the structure, size and composition of the Board of Directors and submit to it recommendations regarding any potential change;
- the Committee periodically reviews the criteria applied by the Board to classify a Director as independent; once a year, it examines, on a case-by-case basis, the situation of each Director or each candidate for the duties of Directors in light of the criteria applied and makes proposals to the Board of Directors.

2. Concerning the Chairman and Chief Executive Officer or the Chief Executive Officer, as the case may be:

- examine, as necessary and, in particular at the time of expiration of the term of office concerned, the renewal of the term of office of the Chairman and Chief Executive Officer, or the terms of office of both the Chairman and of the Chief Executive Officer. It also examines, if necessary, the question of whether or not it is appropriate to continue to combine these duties (or to separate them);
- examine the changes in these duties and provide for solutions for their renewal, where applicable;
- examine the succession plan for members of the executive management applicable in particular in the case of an unforeseen vacancy;
- examine periodically developments with regard to the Senior Executive Vice-Presidents, hear the Chairman and Chief Executive Officer (or the Chief Executive Officer) on the needs and the potential proposals for their replacement;
- more generally, ensure that it is kept informed by the Chairman and Chief Executive Officer (or the Chief Executive Officer) of planned changes in Executive Management resources (and, in particular, the Executive Committee).

3. Concerning governance:

- monitor the changes in the rules of corporate governance, in particular within the scope of the code to which the company refers and inform the Board of Directors of its conclusions; follow up on the application of the rules of corporate governance defined by the Board of Directors and make sure of the information given to the shareholders on this topic.
- prepare the evaluation of the way the Board operates provided for by the internal regulations;
- examine issues of ethics that the Audit and Accounts Committee, the Board of Directors or its Chairman may decide to refer to it;
- Ensure the proper functioning of the governance bodies and in particular the transmission of information requested by independent directors;
- Assist, at their request, the Chairman and the Chief Executive Officer in their dealings with independent directors, and be the instrument of dialogue aimed at preventing potential situations of conflict on the Board.

The Committee can request the assistance of outside experts if necessary. The Company shall provide the Committee, in such a case, with the corresponding funding.

THE APPOINTMENTS COMMITTEE'S WORK IN 2009

The Appointments Committee met five times in 2009 with an effective attendance rate or attendance rate by telephone of 100%.

The Committee reviewed the possible future changes in the composition of the Board of Directors and in particular recommended the renewal of the terms of office of Béatrice Majnoni d'Intignano, Benoît Potier and Paul Skinner as well as the appointment of Jean-Paul Agon as Director. It recommended renewing the terms of office of Béatrice Majnoni d'Intignao and Paul Skinner as members of the Audit and Accounts Committee at the close of the Annual General Meeting of May 5, 2010. It also recommended renewing the term of office of Benoît Potier as Chairman and Chief Executive Officer on this date.

The Committee reviewed the Executive Management succession plan in the event of an emergency (April).

During the year, the Committee monitored the changes in the composition of the Executive Committee as well as the new responsibilities within Executive Management at the year-end following the retirement of Klaus Schmieder (April, October and November).

The Committee reviewed the guidelines governing the composition of the Board (January 2009) and the Appointments Committee (January 2010) set forth in the internal regulations. It prepared recommendations on the extension of the age limits for Directors, the staggering of terms of office and the concurrent holding of corporate offices. It also prepared recommendations on the strengthening of the Committee's role in corporate governance issues. These new principles approved by the Board of Directors are part of the amended internal regulations, now published in their entirety on the Company's website.

The Committee contributed to the assessment of the Board's operations (updating of the questionnaire, review of the summary of responses and recommendations, report by the Committee Chairman to the Board of Directors, April and October).

The Committee also reviewed the personal situation of each member of the Board and the new Director candidate with regard to the independence criteria defined in the internal regulations and presented corresponding proposals to the Board.

Finally, in early 2010, the Committee reviewed the practices adopted by the Company with regard to (i) the AFEP/MEDEF Code of corporate governance and (ii) the recommendations of the AMF's 2009 report on corporate governance and internal control (December 8, 2009) and prepared its recommendations (January 2010).

The Remuneration Committee

As of December 31, 2009, the Remuneration Committee had three members: Cornelis van Lede, Chairman of the Committee, Alain Joly and Thierry Desmarest. Of the three Committee members, two are independent. The Chairman is independent.

COMPOSITION AND PURPOSE AS DEFINED IN THE INTERNAL REGULATIONS

The Remuneration Committee must be comprised of three to four members of the Board of Directors and the majority of its members must be independent. The Chairman and Chief Executive Officer may not be present for any deliberations of the Committee relating to him personally. The Committee meets at least three times a year. The conclusions of Committee meetings are presented by the Committee Chairman for discussion and decision-making at the next Board of Directors' meeting.

Tasks

Pursuant to the internal regulations, the purpose of the Remuneration Committee is to:

- examine the performance and all the components of remuneration including stock options, or other forms of deferred remuneration, pension plans and, in general, the conditions of employment of the Chairman and Chief Executive Officer or both the Chairman and the Chief Executive Officer as well as the Senior Executive Vice-Presidents and make the corresponding recommendations to the Board of Directors;
- propose, where applicable, the remuneration of the Vice-Chairman or Vice-Chairmen;
- examine the remuneration and retirement policy applied to Executive Management and in particular the Executive Committee;
- examine the proposals by Executive Management concerning the granting of stock options and other incentive systems related to the share price to other Group employees and propose their granting to the Board of Directors;
- examine and propose to the Board of Directors the allocation of Directors' fees among Board members.

The Committee can request the assistance of outside experts if necessary. The Company shall provide the Committee, in such a case, with the corresponding funding.

THE REMUNERATION COMMITTEE'S WORK IN 2009

The Remuneration Committee met six times in 2009 with an effective attendance rate or attendance rate by telephone of 100%.

The Committee submitted proposals to the Board of Directors for the setting of the variable remuneration of Executive Management members for fiscal year 2009, based on the financial results and individual performance appraisals. It made proposals regarding the fixed remuneration and the formula used to calculate the variable remuneration of Executive Management members for fiscal year 2010 (for more information see pages 96 and 97). The Committee reviewed the draft text concerning the remuneration of executive officers and Directors prior to its insertion in the Reference Document. The Chairman and Chief Executive Officer is not present for any discussions of the Committee relating to him personally. At Board meetings, the Committee Chairman reports on the work of the Committee, without the presence of the Senior Executive Vice-Presidents.

The Committee reviewed the various measures considered in order to develop employee savings within the Group and recommended that the classic transaction involving a share capital increase reserved for employees be implemented in March 2009 and a new employee share subscription plan be initiated in 2010 (February 2009, and January 2010).

The Committee analyzed the employee profit-sharing scheme in accordance with the December 2008 law governing wages and prepared recommendations for 2010 (November).

The Committee reviewed the components of the medium/long-term incentive policy. It recommended the set-up in 2009 of a new Conditional Grant of Shares to Employees (CGSE) under the existing plan regulations. It proposed performance criteria governing the definitive allocation of the shares. At the same time, the Committee reviewed the 2009 stock option plan and prepared recommendations, in accordance with the AFEP/MEDEF Code of corporate governance, on the performance criteria governing all the options granted to corporate officers and part of the options granted to Executive Committee members. It was recommended that, as from 2010, the principle of granting shares subject to performance requirements be extended to a greater number of employee beneficiaries (see the report on remuneration – page 110). It recommended the adoption of restrictions on the granting of options to corporate officers pursuant to the AFEP/MEDEF Code of corporate governance. It reviewed the corresponding draft press release published on the Company's website (June).

With regard to the termination of the employment contract of the Chairman and Chief Executive Officer, the Committee analyzed the rules of principle which could be applicable to any person assuming these roles within the Company and their application to the specific case of Benoît Potier in connection with the renewal of his terms of office at the close of the Annual General Meeting of May 5, 2010. The Committee prepared recommendations (resignation from salaried positions, commitment to receive termination indemnities where duties would be terminated on the Company's initiative subject to performance conditions, application of the amended executive pension plan; see page 102).

In early 2010, the Committee reviewed the practices adopted by the Company with regard to (i) the AFEP/MEDEF Code of corporate governance and (ii) the recommendations of the AMF's July/December 2009 report on the remuneration of executive officers of listed companies and the implementation of AFEP/MEDEF recommendations and prepared its recommendations (January 2010).

The Committee made recommendations regarding the amount of Directors' fees to be allocated in 2009 within the scope of the overall budget authorized by the Shareholders' Meeting.

EMPLOYEE PARTICIPATION AT THE SHAREHOLDERS' MEETING

In accordance with Article L. 225-37 of the French Commercial Code, the specific terms and conditions relating to the participation of shareholders at the Shareholders' Meeting are set out in Articles 5 to 10 and 18 and 19 of the Company's articles of association (set out on pages 273 to 277 of this Reference Document).

FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A TAKEOVER BID

In accordance with Article L. 225-37 of the French Commercial Code, the factors likely to have an impact in the event of a takeover bid are set out and explained pursuant to Article L. 225-100-3 of the French Commercial Code on page 281 of this Reference Document.

Internal control and risk management procedures instituted by the Company

The Control and Group Audit Director was requested by the Chairman and Chief Executive Officer to compile the elements of this report which was prepared with contributions from several departments (particularly Finance and Administration, Control and Group Audit, Group Operations Control, Legal and Safety and Industrial Systems). This report was transmitted to the Statutory Auditors and presented to Executive Management, which judged it compliant with existing Group measures. It was approved by the Board of Directors, upon the recommendation of the Audit Committee.

The report is based on the "Internal Control System Reference Framework and Implementation Guide", developed under the supervision of the AMF.

In 2009, the Group pursued the actions undertaken in 2008, with 57 Group entities reviewing the appropriateness of their internal control system in relation to the reference framework. For 22 of these entities, this review included actions aimed to improve the scope and traceability of operating controls (primarily for the assets cycle, purchasing and the management of information system access).

These actions were monitored by Control and Group Audit and Finance and Administration Departments, which reported their findings to Executive Management.

INTERNAL CONTROL OBJECTIVES

In addition to the "Principles of Action" that were formalized in 2006, which reaffirmed the Group values for each major area (shareholders, customers, employees, etc.), the Group's policies were supplemented, updated and reformatted in 2009 in an overall Reference Document, the BLUEBOOK, which is available to all Group employees via the information systems they use on a daily basis.

These policies are vehicled in the form of Procedures, Codes and Reference Guides. They therefore constitute a set of internal control and risk management procedures, which should be implemented by each entity included in the Group's consolidated financial statements according to local specificities.

The BLUEBOOK is the cornerstone of the Group's internal control system.

This system aims to ensure that:

- the Group's activities and the conduct of its members:
  - comply with laws and regulations, internal standards and applicable best practices,
  - comply with the objectives defined by the Company, especially in terms of risk prevention and management policies,
  - contribute to safeguarding the Group's assets;
- all financial and accounting information communicated either internally or externally gives a true and fair view of the situation and activity of the Group and complies with prevailing accounting standards.

Generally, the Group's internal control system should contribute to the management of its activities, the efficiency of its operations and the efficient use of its resources.

As with other assurance systems, it cannot provide an absolute guarantee that the Group's objectives have been met.

In 2009, the Group continued its measures to improve the quality of internal control, with in particular:

- the issue of new policies timed with the BLUEBOOK's introduction (particularly for sustainable development, purchasing, the management of energy commitments, etc.);
- a tighter supervision and control over the most significant commitments by certain "Group" committees in the areas of:
  - Energy, with a monthly meeting of the Enrisk Committee, which includes a member of the Executive Committee, the Industrial Department concerned, the Finance and Administration Department and the Energy Services Group. The Enrisk Committee reviews the purchasing strategies of the entities, validates the most significant commitments it receives and ensures that the relevant policies are properly applied,
  - Information systems, with meetings several times a year by the Resources and Investment Committee for Information Technologies with the managers of the Group information systems and the main geographical areas, chaired by the Executive Management member supervising Information Technology Systems. This Committee (which replaces the IT Executive Committee) validates the Group standards and technological choices and reviews the major information technology projects,
  - Engineering and construction, with the Engineering Risk Committee, whose scope was expanded in 2009 to cover the advanced technology activities for Europe and the United States.

These special committees complement the current monitoring system for internal control particularly with the involvement of the Resources and Investment Committee and the Finance Committee, whose roles and organizations are recapped in the "Monitoring of Control Measures" section.

- The ongoing implementation of professional Codes of conduct in new entities, mainly in Asia (Air Liquide Hangzhou Co.,Ltd, Air Liquide Engineering India, Air Liquide India Holding Pvt. Ltd, Air Liquide Far Eastern Ltd) and Europe, with Air Liquide Nordics, Air Liquide Russia S.A and Aqua lung International and its subsidiaries. These codes, intended for the entire staff of an entity, are developed according to a common framework included in the BLUEBOOK. Certain issues can be further covered in specific codes (purchasing, compliance with the right to competition).

  It was in this context that an anti-corruption code was communicated in 2009. The code recaps the significant components of the anti-corruption legislation, so that employees may grasp the essential elements involved.

ORGANIZATION

The Group is organized based on a highly consistent Group strategy, of which the main driving force is the internal growth of its activities.

This strategy is relayed through management which centers on medium-term objectives that are categorized by business activity, as well as through a steering process based on annual budgetary objectives, which are further categorized down to the individual plan level.

The organization breaks down into:

- entities which ensure the operational management of their activities in the countries where the Group is located;
- geographical zones which supervise and monitor the performance of the entities under their responsibility and ensure that strategies are properly implemented and the main financial indicators maintained;
- World Business Lines that:
  - present medium-term strategic objectives for their related activities to Executive Management,
  - are responsible for Marketing, the Industrial Policy and the appropriateness of skills in their field of activity,
  - chair the Resources and Investment Committee ("RIC") Meetings, which decide on the necessary investments and resources presented by the zones.

This organization also includes Holding and Group departments which notably comprise four key control departments that report independently to Executive Management:

- the **Group Operations Control**, which drafts and monitors Group objectives on the basis of financial data prepared by the accounting teams. This department will be placed under the Finance and Administration Department in February 2010;
- the **Finance and Administration Department**, which ensures:
  - the reliability of accounting and financial information,
  - Group financial risk management;
- the **Control and Group Audit Department**, which verifies the effective application of internal control and risk management procedures in the context of audits carried out according to a defined program presented to the Group's Audit and Accounts Committee. This program is developed based on risk analysis and is regularly monitored by the Audit and Accounts Committee itself.

  The Control and Group Audit Department relies on methodology and work processes that have been harmonized in order to ensure greater visibility for audits performed.

  Audit Reports are widely distributed (up to the Executive Management level) and systematically supplemented by corrective action plans, which are supervised by a member of the Executive Committee.

  The Audit Reports, as well as subsequent follow-up reports, are the subject of various communications and discussions with the Statutory Auditors;
- the **Legal Department**, which identifies legal risks, issues internal guidelines and codes, and then oversees their proper implementation. It also monitors the main litigation cases and manages insurance.

Finally, this organization relies on a framework of defined authorization and delegation limits:

- from Executive Management to members of the Executive Committee and certain central department executives, in order to define their powers related to commitments and payments for commercial operations (sales or purchases);
- from Executive Management to certain executives in charge of industrial sites in France, in order to ensure the prevention and control of industrial risks;
- from Executive Management to certain financial executives, in order to ensure the security of transactions and financial flows.

The managers of the various Group subsidiaries exercise their duties under the control of the Board of Directors and in accordance with laws and regulations.

They make sure that the policies and practices instituted are consistent with Group objectives, while complying with the specific requirements of local law.

RISK MANAGEMENT

To ensure the continued development of its activities, the Group must actively pursue an approach to prevent and manage the risks (especially industrial and financial risks) to which it is exposed.

In terms of the Group's business activities, industrial risk management must essentially focus on prioritizing safety and security while maintaining permanent focus on the reliability of installations.

Financial risk management requires strict control over investments, combined with rigorous practices regarding the accounting and financial aspects of the activities.

In 2009, to better formalize Group risk management, the Company initiated a strategy that aims to ensure:

- the regular identification of the different forms of risk encountered by the Group during the pursuit of business activity, which are assessed according to both potential damage and probability of occurrence (mapping);
- the assessment of the risk management level based on a common scale. This assessment is based on the extent to which procedures and controls to manage these risks have been implemented and the relevance of the measures rolled out to mitigate potential financial impacts;
- the proper implementation of the main corrective action plans undertaken.

In 2009, a Risk Committee comprising certain Group control functions [(a)] was created under sponsorship of the Group Executive Committee. Bi-annually, this Risk Committee provides Executive Management a summary of risk mapping, an assessment of the level attained in managing risks and the progress of actions undertaken.

Executive Management provides Periodic Reports on risk management to the Audit and Accounts Committee and the Board of Directors.

CONTROL ACTIVITIES

Control activities aim to ensure that internal control procedures are properly implemented and respected and notably rely on strict control of Group investments, with:

- a centralized, in-depth review (above certain thresholds) of investment requests and the medium and long-term contractual commitments which may arise there from;
- control of investment decisions through the specific follow-up of the authorizations granted;
- a comparative profitability analysis for the most significant investments **prior to, and subsequent to, the completion**.

The main internal control and risk management procedures drafted and communicated by the Company aim to:

- **ensure the safety and security of employees, products and installations, as well as the reliability of operations with a respect for the rules and regulations for accident prevention:**

In 2004, the Company realigned the Group policy related to safety and risk management, with the formalization and deployment of a new Industrial Management System (IMS).

In 2009, the IMS was integrated in the Air Liquide BLUEBOOK under the Safety, Health, Environment and Industrial Management policy.

The IMS is based on:

- empowerment of the management bodies governing the Group's various entities for the effective implementation of this system;
- the issue of key management and organizational procedures that aim to ensure:
  - regulatory compliance,
  - design validation,
  - industrial risk management,
  - health, safety and environmental management,
  - training and certification of personnel,
  - management of operating and maintenance procedures,
  - management of industrial purchases,
  - change management,
  - analysis and treatment of incidents and accidents,
  - system effectiveness control based on management audits and reviews;
- shared technical standards within Group entities.

(a) Legal, Group Operations Control, Finance and Administration, Communication, Safety and Industrial System, and Control and Group Audit Departments.

The IMS document base is updated and supplemented on an ongoing basis.

The **Safety and Industrial System Department** and the **Industrial Departments of the relevant World Business Lines** supervise and control the effective implementation of the IMS, by notably relying on:

- continually increasing team awareness by providing specifically related training, and the distribution of a monthly security report available to all employees on the Group Intranet;
- the presentation of various indicators designed to monitor performance in terms of the safety and reliability of operations, as well as the deployment of certain Group key standards;
- the process audits conducted by the Safety and Industrial System Department to verify the implementation conditions and compliance of operations with IMS requirements;
- technical audits carried out by the Industrial Departments to ensure the compliance of operations with Group security and technical rules.

The changes in the safety performance of operations and their level of compliance with IMS requirements are regularly monitored by the Executive Committee.

In 2009, the IMS, which was already deployed at virtually all the Group's operational entities, was launched at Lurgi, with specific focus on procedures for design management, industrial risk management, as well as analysis and treatment of incidents and accidents.

- **ensure the protection of Group IT data and assets:**

The existing procedures were reviewed and updated in a Group IT policy, included in the BLUEBOOK in 2009, which defines the fundamental IT regulations in terms of:

- organization,
- expression of business needs,
- management of technologies,
- management of infrastructures and client solutions,
- protection of information,
- conduct of users.

This policy is vehicled in Procedures and Codes, particularly the Procedure for the Protection of Information which defines:

- the fundamental management rules to be implemented in each Group entity,
- the key principles to be observed by all users, documented in a specific code.

This procedure, which was initially deployed in 2005, now encompasses virtually all Group users.

- **ensure that laws, regulations and internal management rules are respected within the Group, notably in the legal and intellectual property areas:**

In conducting their activities, the various Group entities rely on the procedures, codes or reference guides issued by the major support departments of the Company, notably:

- for the legal area:
  - various contractual for Large Industries, for Electronics, for borrowings), or practices (for Healthcare) guides,
  - in 2009, the inclusion of existing Group documents in a BLUEBOOK legal policy, mainly comprising:
  - a Group Procedure relating to Powers, Limitations and Delegations for use by Group entities,
  - an Insurance Guide for all Group entities,
  - Group instructions and codes on how to behave in order to comply with competition laws (primarily in Europe and the United States), followed by awareness meetings held in several European and South American entities in 2009,
  - a memorandum, specifying the rules to be observed to prevent insider trading,
  - publication of a Group Procedure on the operations of Boards of Directors for use by Group entities;
- for the intellectual property area:
  - procedures aiming to ensure Air Liquide's compliance with valid patents held by third parties notably in the field of cryogenic production, and to protect the Group's own intellectual property,
  - a policy for the protection of Group inventions based on their identification (on an official filing basis) and favoring the recognition of their inventors.

- **manage and minimize financial risk:**

The Company has defined financial policies, which forbid speculative transactions notably on derivatives, and that are subject to regular review. In 2009, the policies were integrated into a consolidated version of the financial policy and included in the BLUEBOOK. It states the principles and procedures for the management of financial risk to which the activity is exposed, and is vehicled by Group procedures, notably in relation to:

- liquidity risks: the Company has defined rules aimed at ensuring an appropriate level of "confirmation" and diversification (by nature and maturity) for all sources of financing at Group level;
- counterparty risks: the Company has defined rules aimed at ensuring that there is sufficient diversification and financial solidity of counterparties at Group level (commitment limits/ minimum rating);
- exchange and interest rate risks: the Company has defined methods managed on a centralized basis for the hedging of interest rates related to debt that is carried in major currencies (principally, Euro, USD, JPY) with:
  - a selection of authorized tools,
  - the hedging decision processes,
  - the methods of executing transactions.

For other foreign currency debts, rules have been defined in order to ensure that the decentralized transactions initiated to hedge interest and exchange rate risks are consistent with Group objectives.

The Company has also defined methods for exchange rate risk hedging in terms of the choice of tools, the decision process and the execution of transactions.

These measures are completed by treasury management rules adapted to local circumstances, which are aimed at ensuring secure transactions and to forecast treasury inflows/outflows with an objective of optimizing the management of liquidity (forecasting of cash in/cash out).

The application of this financial policy is controlled by the Finance and Administration Department. Certain transactions are executed on a centralized basis (management of debt and interest rate risk), which is completed by consolidated reports provided by various Group entities on a monthly or quarterly basis, depending on types of risk.

The Finance and Administration Department answers to the Finance Committee (for which the mission and organization are defined here after) regarding the effective execution of the policy.

- **ensure the reliability of financial and accounting information:**

In order to guarantee the quality and reliability of financial and accounting information produced, the Group primarily relies on a set of accounting principles and standards as well as a consistent accounting and management reporting system for data which feeds both the Group consolidation process and the business analysis that is under responsibility of independent but interactive departments.

In 2009, the Group's accounting manual was integrated into financial policy under the BLUEBOOK. This manual defines the accounting rules and principles as well as the consolidation methods applicable within the Group and states the formats applicable within the Group for reporting financial and accounting information. This manual is regularly updated by the Finance and Administration Department with the amendments to the new IFRS or their interpretations.

Management and Accounting Reports are each prepared under the responsibility of independent but interactive departments that follow identical methods and principles:

- this independence allows for the enhancement of information and analysis through the use of complementary indicators and data in particular those which are specifically related of each activity;
- the fact that these bodies are interactive provides for better control concerning the reliability of information through the systematic and regular reconciliation of data. Data consolidation is ensured by the Finance and Administration Department;

The reports primarily include:

- monthly management reporting, known as the "Monthly Flash Report" that provides information on revenue and the main financial indicators: income statement, funds from operations (cash flow), net indebtedness and amount of investments authorized and committed;
- quarterly reporting, known as the "Management Control Report." It provides details of the primary items of the income statement, balance sheet and statement of cash flows.

These two documents are compiled by each management entity according to a predefined yearly timetable.

They are systematically accompanied by comments on activities drawn up by the Director and the controller within the entity, and are consolidated at Group level with a breakdown for each geographical location and activity;

- quarterly reporting for accounting consolidation is compiled by each subsidiary which, in addition, must provide (on a semiannual basis) information on off-balance sheet commitments that may include:
  - energy purchases,
  - financial guarantees and deposits,
  - all other contractual commitments, and, in particular, information on operating leases.

Accounting consolidation and monthly reporting is sent to the Central Consolidation Department. This department prepares the consolidated data and works in conjunction with the Group Operations Control, whose duty is to analyze and comment on the results, identify and explain any differences with respect to forecasts, and to update the forecasts.

Within the monthly Executive Management Meetings, a rolling forecast for the current year is systematically presented by the Group Operations Control, in order to identify, when applicable, any differences with respect to yearly targets and take the necessary steps.

Through regular controls, the Finance and Administration Department ensures the effective application of accounting methods and principles in the various Group entities. The most complex accounting standards, particularly those relating to employee benefits (IAS19) and derivative financial instruments (IAS32/39, IFRS7) are subject to tighter controls or treated directly by the Finance and Administration Department.

It also relies on audits carried out by the Control and Group Audit Department with which it has regular contact.

The quality and reliability of financial and accounting information also depends on information systems which are becoming increasingly integrated (such as ERP), and a Group consolidation software package renewed in 2007.

MONITORING OF CONTROL MEASURES

The Board of Directors exercises its control over Group management based on the various quarterly reports it receives from Executive Management and the work of the Audit and Accounts Committee, according to the methods and principles described above (reports, debriefings, etc).

Executive Management exercises its control over risk management, particularly through monthly meetings with the Chairman and Chief Executive Officer, the Senior Executive Vice-President(s) aided by the Finance and Administration Director, the Director of Group Operations Control, and by the Legal Director who also acts as secretary. It also relies on existing reports and:

- Executive Committee Meetings, with, in particular, debriefings from the Safety and Industrial System Department regarding Group performance in terms of security and the progress of actions underway;
- Resources and Investment Committee Meetings;
- work carried out by the Finance and Accounting Departments, the Group Operations Control Department and the Control and Group Audit Department which report directly to Executive Management;
- Finance Committee Meetings that determine the Group's financial policy.

These control measures are enhanced by the involvement of entity departments and the Executive Committee in the implementation and follow-up of actions needed to improve and strengthen the quality of internal controls.

THE FINANCE COMMITTEE

The Committee meets at least three times a year and upon request if necessary.

It includes the Group Finance and Administration Director, the Group Corporate Finance and M&A Director and the Group Treasury and Financing Director, who meet under the authority of a member of Executive Management.

The purpose of this Committee is to verify the effective application of the Group's financial policy, approve proposals and suggestions that have been submitted and approve the rules governing the Group's financial policy, that are subjected to regular review.

THE RESOURCES AND INVESTMENT COMMITTEES

The purpose of these Committees is to assess and approve requests for investments that have been submitted, as well as medium and long-term contractual commitments and Human Resource requirements that may arise there from.

They meet once or twice a month for each World Business Line (Large Industries, Industrial Merchant, Electronics and Healthcare), and several times a year for technological activities (Research and Development, High Tech, Engineering and Construction, Information Technologies).

Each Committee Meeting is chaired by the Executive Committee member responsible for the relevant Business Line, and brings together Directors of the Business Line and zone concerned by investments, the Group Finance and Administration Director, the Director of Group Operations Control or the Director of Management Control.

The Committee's decisions are reviewed at Executive Management Meetings.

Statutory Auditors' Report

prepared in accordance with article L.225-235 of the French Commercial Code (Code de commerce), on the report prepared by the Chairman of the Board of Directors of L'Air Liquide S.A.

This is a free translation into English of a report issued in the French language and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with,and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of L'Air Liquide S.A., and in accordance with article L. 225-235 of the French Commercial Code (Code de commerce), we hereby report to you on the report prepared by the Chairman of the Board of Directors of your Company in accordance with article L. 225-37 of the French Commercial Code (Code de commerce) for the year ended December 31, 2009.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on internal control and risk management procedures implemented by the Company and to provide the other information required by articles L.225-37 of the French Commercial Code (Code de commerce) relating to matters such as corporate governance.

It is our responsibility:

- to report to you on the information contained in the Chairman's report in respect of the internal control procedures relating to the preparation and processing of financial and accounting information, and;
- confirm that the report also includes the other information required by article L.225-37 of the French Commercial Code (Code de commerce), it being specified that it is not our responsibility to verify the fairness of this other information.

We conducted our work in accordance with professional standards applicable in France.

Information on internal control and risk management procedures relating to the preparation and processing of accounting and financial information.

The professional standards require that we perform the necessary procedures to assess the fairness of the information provided in the Chairman's report in respect of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information. These procedures consist mainly in:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the accounting and financial information on which the information presented in the Chairman's report is based, and of the existing documentation;
- obtaining an understanding of the work involved in the preparation of this information and of the existing documentation;
- determining if any material weaknesses in the internal control procedures relating to the preparation and processing of financial and accounting information that we would have noted in the course of our work are properly disclosed in the Chairman's report.

On the basis of our work, we have no matters to report on the information relating to the Company's internal control and risk management procedures relating to the preparation and processing of the accounting and financial information contained in the report prepared by the Chairman of the Board of Directors in accordance with article L.225-37 of the French Commercial Code *(Code de commerce).*

Other information

We confirm that the report prepared by the Chairman of the Board of Directors also contains the other information required by article L.225-37 of the French Commercial Code *(Code de commerce).*

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Remuneration of L'Air Liquide S.A. Corporate Officers and Directors

The information reported in this document takes into account the provisions of the AFEP/MEDEF Code of corporate governance for listed companies (December 2008) and the Recommendation issued by the French financial markets authority, the AMF, on disclosures in Reference Documents concerning corporate officers' remuneration, issued on December 22, 2008.

SHORT-TERM BENEFITS

Executive Management

AMOUNTS PAID DURING FISCAL YEARS 2008 AND 2009

Table 1 below presents a summary of all remuneration components paid to executive officers with regard to fiscal years 2008 and 2009. More detailed information on these components is provided in the subsequent tables.

TABLE 1 – SUMMARY OF REMUNERATION AND STOCK OPTIONS GRANTED TO EXECUTIVE OFFICERS

In thousands of euros (rounded off)	2008	2009
Benoît Potier		
Remuneration payable in respect of the fiscal year (see breakdown in Table 2)	2,522	2,201
Value of stock options granted during the fiscal year (see breakdown in Table 4)	1,803	1,005
TOTAL	**4,325**	**3,206**
Klaus Schmieder		
Remuneration payable in respect of the fiscal year (see breakdown in Table 2)	1,296	1,257
Value of stock options granted during the fiscal year (see breakdown in Table 4)	902	-
TOTAL	**2,198**	**1,257**
Pierre Dufour		
Remuneration payable in respect of the fiscal year (see breakdown in Table 2)	1,167	1,044
Value of stock options granted during the fiscal year (see breakdown in Table 4)	744	457
TOTAL	**1,911**	**1,501**

Total gross annual remuneration before tax paid to each executive officer of L'Air Liquide S.A. by the Company (and all Group companies), with respect to both their duties as employees, where applicable, and those as corporate officers (Chairman and Chief Executive Officer or Senior Executive Vice-President), including the benefits in kind, amounted to the figures presented in Table 2 hereafter for fiscal years 2008 and 2009:

TABLE 2 – SUMMARY OF REMUNERATION PAID TO EACH EXECUTIVE OFFICER

	2008		2009	
In thousands of euros (rounded off)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Benoît Potier – Chairman and Chief Executive Officer [(a)] [(b)]				
- fixed remuneration	1,020	1,014	1,020	1,024
including directors' fees	*41*	*35*	*37*	*41*
- variable remuneration	1,492	1,428	1,171	1,492
- benefits in kind	10	10	10	10
TOTAL	**2,522**	**2,452**	**2,201**	**2,526**
Klaus Schmieder – Senior Executive Vice-President [(b)]				
- fixed remuneration	600	600	600	600
- variable remuneration	674	668	563	674
- benefits in kind	22	22	23	23
- retirement benefit			71	71
TOTAL	**1,296**	**1,290**	**1,257**	**1,368**
Pierre Dufour – Senior Executive Vice-President [(b)] [(c)]				
- fixed remuneration	530	530	530	530
- variable remuneration	622	63	498	622
- benefits in kind	15	15	16	16
TOTAL	**1,167**	**608**	**1,044**	**1,168**

(a) In accordance with the recommendations of the AFEP/MEDEF Code of corporate governance, Benoît Potier announced his decision to resign from his employment contract, which had been suspended since May 10, 2006, subject to the condition precedent of the renewal of his terms of office as Director and Chief Executive Officer. Benoît Potier receives all his remuneration in his capacity as a corporate officer. His fixed remuneration included directors' fees until the end of 2009.

(b) During 2009, the Company paid amounts to third parties with respect to supplementary defined contribution pension plans on behalf of Benoît Potier, Klaus Schmieder and Pierre Dufour (respectively 79,862 euros, 79,862 euros and 79,862 euros) and supplementary death and disability benefits on behalf of Benoît Potier and Pierre Dufour (60,475 euros and 23,741 euros respectively) for a total of 323,802 euros. These plans are described below.

(c) Variable portion paid in 2008 with respect to 2007 and calculated on a time-apportioned basis as of November 27, 2007, the date of his appointment as Senior Executive Vice-President.

At its meeting on February 12, 2010, and with respect to 2010, the Board of Directors decided to set the fixed portion as follows, the maximum level of variable remuneration expressed as a percentage of the fixed **amounts being kept identical to that for 2009.**

In thousands of euros	**Fixed remuneration**	**Maximum variable remuneration as a % of fixed remuneration**
Benoît Potier [(a)]	1,060	150%
Pierre Dufour	600	120%

(a) As of 2010, Benoît Potier, Chairman and Chief Executive Officer, will no longer receive directors' fees with respect to his term of office as Director.

CRITERIA

- **Fixed** remuneration is determined based on the level of responsibility and experience in the management function, as well as with reference to current market practices.
- All **variable** remuneration due for any given fiscal year is paid the following year after approval of the financial statements at the Shareholders' Meeting. The criteria, comprising two financial objectives and personal quality objectives, are adopted by the Board of Directors at the beginning of the fiscal year in line with the Group's strategic priorities. The results are assessed, after year-end, on the basis of the consolidated financial statements for the fiscal year approved by the Shareholders' Meeting and the assessment of each corporate officer's performance by the Board of Directors.
  - In **2008**, **2009** and **2010**, variable remuneration was based on two financial objectives: (i) growth in net earnings per share (excluding material exceptional items and foreign exchange impact) and (ii) return on capital employed (ROCE) after tax, which have the majority weighting;
  - Variable remuneration is also based on personal quality objectives:

    In 2008, the latter included the Group's continued development, particularly in emerging economies, the implementation of the Group's growth, efficiency and productivity initiatives as defined in the ALMA project, the contribution to developing a stronger safety culture, or the development of the shareholding strategy.

    In 2009, given the economic and financial environment, these objectives were made identical for the three executive officers. Their aim is to minimize the impact of the crisis on the Company's major financial balances (maintenance of margins and customer risk management for example) and to secure and limit the debt (cash management and securing of long-term debt in particular) while maintaining the mid-term growth momentum as part of the ALMA project (investments and Human Resources, in particular).

    In 2009, the variable portion could reach a maximum of 150% of the fixed portion for the Chairman and Chief Executive Officer and 120% of the fixed portion for each of the Senior Executive Vice-Presidents. During its meeting on February 12, 2010, the Board evaluated the performance of executive officers. The results obtained in 2009 did not meet the net earnings per share and ROCE objectives. After evaluation of the performance of each manager, which was considered as good in relation to common personal objectives and given the context of the international economic crisis, the variable remuneration for 2009 was set at 115% of fixed remuneration for Benoît Potier, 94% for Klaus Schmieder and 94% for Pierre Dufour (these percentages have been rounded off). Compared to 2008, total annual gross remuneration (fixed and variable) decreased by nearly 13% for Benoît Potier, 9% for Klaus Schmieder and 11% for Pierre Dufour.

    In 2010, the quality objectives will again be common for the two corporate officers in an end-of-crisis context to be confirmed. These items will include objectives covering efficiencies, cash and debt management, tighter control over capital expenditure, and a mid-term growth strategy based on the ALMA project.
- The **benefits-in-kind** paid to each of the three executive officers in 2009 include the use of a company car and contributions to supplementary pension plans, as well as:
  - for Benoît Potier, contributions to supplementary death and disability plans and to the unemployment insurance covering company managers and corporate officers,
  - for Klaus Schmieder, the provision of accommodation until the end of 2009,
  - for Pierre Dufour, contributions to supplementary death and disability plans and the provision of accommodation.

Board of Directors

AMOUNTS PAID IN 2008 AND 2009

Table 3 below summarizes the directors' fees (in the absence of payment of any other exceptional remuneration) received by non-executive corporate officers in 2008 and 2009 and the amounts of directors' fees paid in 2010 in respect of fiscal year 2009:

TABLE 3
DIRECTORS' FEES AND OTHER EXCEPTIONAL REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

In thousands of euros (rounded off)	Amounts paid in 2008 in respect of FY 2007	Amounts paid in 2009 in respect of FY 2008	Amounts paid in 2010 in respect of FY 2009
Alain Joly [(e)]	45	50	52
Édouard de Royere [(a)]	47	21	0
Thierry Desmarest [(f)]	45	50	50
Rolf Krebs	56	61	59
Gérard de La Martinière [(b)]	62	68	73
Béatrice Majnoni d'Intignano	47	53	53
Cornelis van Lede [(f)]	52	64	68
Lindsay Owen-Jones [(c)]	47	54	27
Thierry Peugeot	35	41	37
Paul Skinner	36	43	57
Jean-Claude Buono [(d) (e)]	-	28	37
Karen Katen [(d)]	-	35	42
TOTAL	**472**	**568**	**555**

DIRECTORS' FEES RECEIVED BY EXECUTIVE CORPORATE OFFICERS

Benoît Potier [(g)]	35	41	37
TOTAL AMOUNT OF DIRECTORS' FEES	**507**	**609**	**592**

(a) Term of office terminated on May 7, 2008.
(b) The indicated amounts include additional remuneration of 15,000 euros increased to 20,000 euros from fiscal year 2009 in respect of duties as Chairman of the Audit and Accounts Committee.
(c) Term of office terminated on May 7, 2009. The indicated amount includes additional remuneration of 10,000 euros from fiscal year 2007 in respect of duties as Chairman of the Appointments Committee and of the Remuneration Committee.
(d) Terms of office commencing May 7, 2008.
(e) Moreover, in 2009, the following amounts were paid to Alain Joly and Jean-Claude Buono pursuant to the retirement plan presented below in the section "Former Executive Officers – Pension benefit obligations" (in thousands of euros) : Alain Joly : 894 and Jean-Claude Buono : 332. For Alain Joly, the amount takes into account his decision to expressly waive part of his pension benefits in favor of public interest charities or organizations. In 2008, Jean-Claude Buono also received an amount of 577,000 euros corresponding to the variable remuneration due in respect of the last year of his duties as Senior Executive Vice-President in 2007.
(f) The amounts indicated include, on a pro rata basis to the number of meetings chaired, a supplementary amount of 4.000 euros with respect to the Chairmanship of the Appointments Committee for Mr. Desmarest (since May 2009) and 5.000 euros with respect to the Chairmanship of the Remuneration Committee for Mr. van Lede (since May 2009).
(g) As of January 1, 2010, Benoît Potier will no longer receive directors' fees with respect to his term of office as Director.

CRITERIA

Total directors' fees for allocation to members of the Board of Directors were set at 650,000 euros per fiscal year at the Annual General Meeting of May 7, 2008.

The allocation formula adopted by the Board of Directors comprises a fixed remuneration and a variable remuneration based on pre-determined lump-sum amounts per meeting, thereby taking account of the effective participation of each Director in the work of the Board and its committees. For fiscal year 2009, the amounts calculated break down as follows:

Fixed remuneration (for a full fiscal year)

- Each member receives fixed annual remuneration of 15,000 euros.
- The Chairman of the Audit and Accounts Committee receives supplementary fixed annual remuneration of 20,000 euros.
- The Chairmen of the Appointments and Governance Committee and the Remuneration Committee each receive a supplementary fixed annual remuneration of 10,000 euros.

Variable remuneration

Attendance at the various meetings is remunerated as follows:

- 1 meeting of the Board of Directors 4,000 euros
- 1 meeting of the Audit and Accounts Committee 4,000 euros
- 1 meeting of the Appointments and Governance/Remuneration Committees 2,500 euros
- 1 trip for a non-French resident
  - in Europe 2,500 euros
  - Outside Europe 3,000 euros

Participation by telephone is remunerated at one-half of the lump-sum amounts set for each meeting.

Based on past practice, travel expenses incurred by non-French residents are reimbursed by the Company.

STOCK OPTIONS

Stock options granted to executive officers

GRANT POLICY: OVERVIEW

Stock options granted by the Board of Directors to both executive officers and employees are a long-term incentive, aligned with the interests of shareholders to create long-term value.

The granting of stock options is examined with regard to the total annual remuneration of the executive officer, taking into account several external market surveys and respecting the interests of shareholders. The allocation, examined by the Remuneration Committee at the same time as the allocation plan for Group employees and approved by the Board of Directors, is conducted as part of annual plans, approved at pre-defined periods, in the form of share subscription options granted without a discount. Due to stock market legal restrictions, the periods currently used are between May and July.

Stock options granted under the plan are subject to the same plan regulations as those granted to all other option beneficiaries within the Group. Executive officers are subject to additional conditions as of 2009, as described below.

It is reminded that pursuant to the tenth resolution approved by the Annual General Meeting of May 9, 2007, executive officers are not subject to the plan for the conditional grant of shares to employees (CGSE). This principle is reiterated in the draft seventeenth resolution submitted to the Annual General Meeting of May 5, 2010.

PERFORMANCE CONDITIONS AS OF 2009

At its meeting on February 13, 2009, and pursuant to the AFEP/MEDEF Code of corporate governance, the Board of Directors decided that, as of 2009, stock options granted to executive officers would be subject to performance conditions in their entirety and would represent a certain percentage of the total amount of the allocation voted by the Extraordinary Shareholders' Meeting and of the executive officer's remuneration, in accordance with the terms defined by the Board of Directors at the time of grant. This information was communicated to the public via a press release posted on the Company's website.

At the time of the Board of Directors' option allocation on June 15, 2009, it was decided that the number of stock options that could be exercised by each executive officer out of the total number of stock options allocated to him/her under the 2009 plan would depend:

- partly on the rate of achievement of an objective, set by the Board, of Group growth in undiluted earnings per share excluding foreign exchange impact and exceptional items (Recurring EPS) for fiscal year 2011, as compared to Recurring EPS for the 2008 fiscal year; and
- partly on an objective of shareholder return, set by the Board, defined as the compound annual growth rate for an investment in Air Liquide shares with respect to fiscal years 2009, 2010 and 2011.

The same performance conditions apply to Group Executive Committee members for part of the stock options that are allocated to them.

As of 2010, any allocation to a beneficiary exceeding the threshold of 1,500 options will be subject to performance conditions, in the amount of 50% of the options allocated exceeding the threshold. This measure has no impact on the allocations of options to executive officers that are fully subject to performance conditions. For members of the Executive Committee, and as of 2010, this rule supersedes the rule applied at the time of the 2009 allocation.

In 2010, in accordance with the law, the granting of the stock option plan will be accompanied by a plan associating all employees in France to the Company's performance, which plan should if possible take the form of a supplementary incentive payment.

As from the Board of Directors' decision on June 15, 2009, the allocation of stock options to executive officers is limited to a certain percentage of the overall amount authorized by the Extraordinary Shareholders' Meeting and the executive officer's remuneration.

The total number of options allotted each year may not grant entitlement to a total number of shares exceeding:

- for all executive officers, 0.1% of the share capital within the scope of the total overall amount of the allocation authorized for three years by the Shareholders' Meeting (currently a total amount of 2% of share capital);
- for each individual executive officer, a multiple determined on the basis of the fixed portion of his or her remuneration. The corresponding amount represents approximately the amount of the executive officer's maximum gross annual remuneration, the options being valued under the applicable IFRS.

At its meeting of February 13, 2009, the Board of Directors also decided, with immediate effect, that during the "negative window" periods surrounding the publication of the financial statements, defined by the Company within the scope of the memo on the prevention of insider trading and as an exception to such memo, executive officers may not exercise the stock options that have been allocated to them. These abstention periods begin 21 days before the date of publication of the results and end at the close of a period of three days after this date.

At its February 12, 2010 meeting, the Board ensured that in accordance with the AFEP/MEDEF Code of corporate governance and Company practice no active executive officer benefiting from stock options had made use of hedging transactions and duly noted the commitment of Benoît Potier and Pierre Dufour not to make use of such instruments during their terms of office.

FISCAL YEAR 2009

Table 4 presents information on share subscription options granted to each of the executive officers in 2009. These grants were made by the Company and no grants were made by any other Group company.

TABLE 4 – SHARE SUBSCRIPTION OPTIONS GRANTED DURING 2009 TO EACH EXECUTIVE OFFICER

	Plan grant date	Option type	Option value (pursuant to IFRS2) *(in thousands of euros)*	Number of options granted in 2009	Strike price in euros	Exercise period
Benoît Potier	06/15/2009	Share subscription options	1,005	88,000	65	06/15/2013 to 06/14/2017
Pierre Dufour	06/15/2009	Share subscription options	457	40,000	65	06/15/2013 to 06/14/2017

As 2009 was the year of his retirement, no stock options were granted to Mr. Klaus Schmieder, Senior Executive Vice-President.

The adjusted fair value of stock options granted in 2009 and determined according to IFRS2 was 11.42 euros per option. Stock options granted to executive officers in 2009 represented 0.048% of share capital.

On the grant of the 2009 stock option plan and pursuant to the law, the Board of Directors defined rules governing the holding of shares resulting from the exercise of options, applicable to executive officers (see the Chairman's Report, page 81).

Table 5 presents the total number of stock options exercised by executive officers in 2009.

TABLE 5 – SHARE SUBSCRIPTION OPTIONS EXERCISED DURING 2009 BY EACH EXECUTIVE OFFICER

The 1999 and 2002 share subscription option plans expired respectively on May 11, 2009, June 13, 2009 and October 10, 2009 (plan granted on the occasion of the Company's 100th year anniversary).

	Plan grant date	Number of stock options exercised	Strike price *(in euros)*
Benoît Potier	06/14/2002	119,766	56.09
Benoît Potier	10/10/2002	82	48.08
Pierre Dufour	05/12/1999	13,192	44.90
Pierre Dufour	06/14/2002	53,917	56.09
Pierre Dufour	10/10/2002	56	48.08

TOTAL ADJUSTED STOCK OPTIONS GRANTED TO EXECUTIVE OFFICERS AND NOT EXERCISED AS OF DECEMBER 31, 2009

	Total adjusted stock options not exercised	Average price *(in euros)*
Benoît Potier	588,372	67.84
Klaus Schmieder	209,032	70.57
Pierre Dufour [(a)]	76,300	74.04

(a) Stock options granted in respect of his corporate office since his appointment in November 2007.

TABLES 6 AND 7: PERFORMANCE SHARES GRANTED TO EACH EXECUTIVE OFFICER

Not applicable to L'Air Liquide S.A.

LONG-TERM COMMITMENTS

Former Executive Officers

PENSION BENEFIT OBLIGATIONS

The Board has agreed that the Company will pay former Chairmen and Chief Executive Officers and Senior Executive Vice-Presidents who, as a result of their age or length of service, were entitled to the pension benefits applicable to all employees covered by the Company's collective agreement of December 12, 1978, as amended, additional benefits, over and above those payable under the normal pension plans, of a fixed amount determined by the Board which is in excess of the capped amount set forth in the Company's collective agreement. These amounts were set on retirement of the parties concerned by the Board of Directors' Meeting of November 14, 2001 for Alain Joly, taking into account changes in common practice regarding pension benefits for executive managers then in effect, and by the Board of Directors' Meeting of May 10, 2006 for Jean-Claude Buono. All other conditions of this agreement (described in greater detail on page 175), in particular, changes in amounts and the limits potentially applicable by the Company to its retired employees and the conditions for reverting such pension benefits to the surviving spouse, are applicable to the above-mentioned executive officers. This plan, open to retired former employees and to employees aged 45 or older or with more than 20 years' length of service as of January 1, 1996, was closed on February 1, 1996.

In 2009, the amounts indicated in footnote (e) to Table 3 were paid to Alain Joly and Jean-Claude Buono under the aforementioned pension plans.

Members of Executive Management

PENSION BENEFIT OBLIGATIONS

The Board of Directors has authorized that Benoît Potier in his capacity as Chairman and Chief Executive Officer, and Klaus Schmieder and Pierre Dufour, in their capacity as Senior Executive Vice-Presidents, who do not meet the age or length of service conditions allowing them to benefit from the above-mentioned collective agreement of December 12, 1978, shall continue to benefit from supplementary pension plans set up, as of January 1, 2001 for Senior Managers and Executives meeting certain eligibility conditions. These plans were amended as of January 1, 2010, as follows. They allow senior managers and executives to constitute (i) for the portion of the remuneration up to 16 times (increased to 24 times as of January 1, 2010) the annual social security ceiling as part of a defined contribution plan managed by a third party and (ii) for the portion of the remuneration exceeding 16 times (increased to 24 times as of January 1, 2010) the annual social security ceiling as part of a defined benefit plan, an additional annuity as well as an annuity paid to the surviving spouse, subject to certain age conditions. Benoît Potier, as a corporate officer, and Klaus Schmieder (until December 31, 2009) and Pierre Dufour, with respect to their duties both as salaried employees and corporate officers, fall within this category.

- For the portion managed as part of a defined contribution plan, the Company pays an outside fund manager a contribution representing, by tranche, a fixed percentage of the beneficiary's remuneration. Amounts paid as well as the corresponding investment income will be used to pay an additional pension benefit in the form of a life annuity, supplemented by an annuity paid to the surviving spouse, subject to the beneficiary being able to claim his pension entitlements under the standard old age pension plan applicable to all French retired employees. Should the term of office or employment contract be terminated, the contributions will cease to be paid.
- Pension benefits corresponding to the defined benefit plan are equal to 1% for each year of seniority based on the average of the three best years of the last five years' total annual remuneration exceeding 16 times the annual social security ceiling (increased to 24 times as of January 1, 2010). For the calculation, the average of the total variable portions taken into account cannot exceed 100% of the average of the total fixed portions used for this calculation. Where applicable, an annuity equal to 60% of the above-mentioned benefits will be paid to the surviving spouse, if certain age conditions are satisfied. The defined benefit plan only applies if the beneficiary is still with the Company at the time of his retirement. In the event the term of office or employment contract is terminated at the Company's initiative, the beneficiary may nevertheless maintain his rights if he has reached at least 55 years of age with a length of service of at least five years and ceases all professional activity.

  As for all executive managers benefiting from defined benefit plans, total pension benefits, under all pension plans, are capped at 45% of the average of the three best years of the last five years' total annual remuneration, it being understood that for this calculation, the variable portion taken into account cannot exceed 100% of the fixed portion. Should this ceiling be reached, the amount paid under the defined benefit plan will be reduced accordingly.

The plans set up on January 1, 2001 were applied individually to Benoît Potier and Klaus Schmieder in 2006 and to Pierre Dufour in 2007 by the Board of Directors in accordance with the procedure governing regulated agreements. Regarding Benoît Potier and Klaus Schmieder, application was approved by the Annual General Meeting of May 9, 2007. Regarding Pierre Dufour, application was approved by the Annual General Meeting of May 7, 2008, in a specific resolution concerning him.

The 2009 amount paid by the Company to the fund manager of the supplementary defined contribution plans of Benoît Potier, Klaus Schmieder and Pierre Dufour is disclosed in the footnotes to Table 2.

The purpose of the amendments to the executive pension plan as of 2010 was to incorporate the new pension regulations applicable in connection with the Law of August 21, 2003 and to readjust and thus secure the overall plan by decreasing the proportion of the defined benefit plan in favor of the defined contribution plan within the total pension amount the participant may claim. For the defined contribution portion, the amendments comprise (i) the reintegration of executive officers in the plan introduced under the joint agreements in 1996 open to all Company employees; (ii) the expanded definition of participant in the "executive" plan to include any executive officer within the meaning of the French Labor Code, the sole condition being one year's length of service, which opens the plan to a greater number of participants; and (iii) the extension of the plan to cover remuneration between 16 and 24 times the annual social security ceiling, for which the defined benefit plan is closed in parallel. In addition, in conformity with the AFEP/MEDEF Code of corporate governance, a minimum length of service of three years is required for the defined benefit portion. This will be integrated into the Plan regulations to apply to all potentially eligible executive and corporate officers.

The aforementioned amendments and the individual application of these amended plans to Benoît Potier and Pierre Dufour were authorized by the Board of Directors' Meeting of February 12, 2010 in accordance with the regulated agreements procedure. These agreements are described in the Statutory Auditors' Special Report on regulated agreements and are subject to a vote at the Annual General Meeting of May 5, 2010, in connection with a specific resolution for each executive officer. They were made public on the Company's website as of February 17, 2010.

DEATH, DISABILITY AND RELATED BENEFITS

An additional death, disability and related benefits plan was subscribed with an insurance company to enable senior managers, whose remuneration exceeds eight times the annual social security ceiling and satisfying certain age and length of service conditions, to receive benefits in the event of death or permanent and absolute invalidity. This benefit is equal to four times the portion of gross annual remuneration exceeding eight times the annual social security ceiling. The contributions corresponding to this plan are paid in full by the Company and added back to the remuneration of beneficiaries as benefits in kind. Benoît Potier, in his capacity as Chairman and Chief Executive Officer and Pierre Dufour in his capacity as Senior Executive Vice-President and employee, benefit from this plan. This plan was applied individually to Benoît Potier in 2006 and to Pierre Dufour in 2007 by the Board of Directors in accordance with the procedure governing regulated agreements. Application of the plan to Benoît Potier was approved by the Annual General Meeting of May 9, 2007. Regarding Pierre Dufour, application was approved by the Annual General Meeting of May 7, 2008 in a specific resolution concerning him.

The 2009 amount paid by the Company to the insurance company in favor of Benoît Potier and Pierre Dufour is disclosed in the footnotes to Table 2.

This plan was amended as of January 1, 2010 for the sole purpose of harmonizing the definition of plan participant with the definition adopted for the "executive" pension plans. The individual application of this amended plan to Benoît Potier and Pierre Dufour was authorized by the Board of Directors' Meeting of February 12, 2010 in accordance with the regulated agreements procedure. This agreement is described in the Statutory Auditors' Special Report on regulated agreements and is subject to a vote at the Annual General Meeting of May 5, 2010, in connection with a specific resolution for each executive officer. It was also made public on the Company's website as of February 17, 2010.

Klaus Schmieder, who did not fulfill the age conditions required to benefit from the above-mentioned supplemental death, disability and related benefits plan, was covered by the equivalent employee plan until his retirement at the end of 2009.

COMMITMENTS RELATING TO TERMINATION OF DUTIES

Termination indemnities

BENOÎT POTIER

Termination indemnity

- In accordance with the AFEP/MEDEF Code of corporate governance, at its meeting on February 13, 2009, the Board of Directors amended the terms of the agreement initially approved on the appointment of Benoît Potier as Chairman and Chief Executive Officer (as most recently amended by the Board of Directors on March 13, 2008 and approved by the Annual General Meeting of May 7, 2008) regarding the following three points:

(i) only the forced departure of Benoît Potier from his offices as Chairman and Chief Executive Officer (removal from office, non-renewal, request for resignation) related to a change of strategy or a change in control may give rise to an indemnity;

(ii) the amount of the indemnity in any of these cases (taking into account the statutory indemnities or the indemnities provided for by the collective bargaining agreement due, where applicable, in respect of termination of the employment contract) is set at 24 months' gross fixed and variable remuneration;

(iii) the right to payment of the indemnity is subject to the achievement of performance conditions, the proportion of the indemnity due decreasing according to the rate of achievement of such conditions according to a formula described below (see section on "Performance conditions – Termination indemnities" below).

The decision made by the Board of Directors at its meeting on February 13, 2009 pursuant to the regulated agreements procedure provided for under the "TEPA" law was published in full on the Company's website. The agreement, as amended, was approved by the Annual General Meeting of May 7, 2009 in a specific resolution concerning Benoît Potier. This commitment remains valid until the renewal of the terms of office of Benoît Potier in 2010.

- The Board of Directors' Meeting of February 12, 2010 decided that the aforementioned commitment would be amended, as of the date of termination of the employment contract of Benoît Potier, on the renewal of his terms of office in 2010, and in accordance with the AFEP/MEDEF Code of corporate governance, in order to (i) eliminate any reference to the terminated employment contract of Benoît Potier and (ii) gradually decrease the amount of the indemnity due at the approach of the date on which Benoît Potier, as Chairman and Chief Executive Officer, shall have reached the statutory age limit (63). In any case, no indemnity shall be paid should the party concerned claim his pension benefits on the date of a forced departure. The commitment thus amended will come into force at the time of the renewal of his terms of office in May 2010 and subject to this renewal.

Indemnity to compensate for the loss of pension rights

- The Company undertook to grant all employee beneficiaries of the defined benefit pension plan mentioned on page 102, with a minimum age of 55 years and 20 years' seniority, in the event of early termination of their employment contract at the Company's initiative, except in cases of serious misconduct or gross negligence, benefits equivalent to those obtained under the plan in the form of a compensatory indemnity.

(a) Concerning Benoît Potier, whose employment contract was then suspended, and who had acquired this right to an annuity as part of the aforementioned plan in the event of removal from his corporate office or dismissal before the age of 55, the Board of Directors, in order to compensate for the loss of this right, decided to authorize the Company to undertake to pay Benoît Potier, in the event of termination of his term of office before the age of 55 at the Company's initiative, except for serious misconduct or gross negligence, and where he has acquired at least 20 years of seniority, an indemnity to compensate for the loss of pension rights, paid in installments and calculated in accordance with the provisions of the defined benefit plan mentioned on page 102.

(b) Pursuant to the new provisions of Article L. 225-42-1 of the French Commercial Code introduced by the Law of August 21, 2007, the Board of Directors decided that in order to receive the indemnity provided for under the above-mentioned agreement, the beneficiary would have to comply with certain performance conditions assessed in relation to the Company's performance (see press release on the Company's website). This commitment was approved by the Annual General Meeting of May 7, 2008, in a specific resolution concerning Benoît Potier.

(c) The Board of Directors' Meeting of February 12, 2010 decided that the aforementioned commitment would be amended, as of the date of termination of the employment contract of Benoît Potier, on the renewal of his terms of office in 2010, in order to (i) eliminate any reference to the terminated employment contract of Benoît Potier and (ii) use the same reducing formula as the one applicable to the termination indemnity (see section on "Performance conditions – Indemnity to compensate for loss of pension rights in respect of corporate office" below). The commitment thus amended will come into force at the time of the renewal of his terms of office in May 2010 and subject to this renewal, it being understood that this commitment automatically becomes null and void in 2012 when Benoît Potier reaches the age of 55.

(d) In agreement with Benoît Potier, the Board of Directors decided to maintain his entitlement to an indemnity to compensate for loss of pension rights. This decision was justified by the fact that the entitlement had been granted in consideration of his particular situation, namely that of a young man rising to the highest management functions (appointed Chairman of the Management Board in November 2001) after devoting his entire career to the Company. From the beginning, this benefit had been granted by the Board and approved by the Shareholders' Meeting in connection with the regulated agreements procedure. Because of the regulatory change, the Board set up a transitional plan (maintaining the entitlement in the form of an indemnity commitment subject to performance conditions), which, subject to the aforementioned amendments, will be reiterated on the renewal of the terms of office of Benoît Potier, but which remains temporary since it expires in 2012 on the 55th birthday of Benoît Potier.

The decisions by the Board of Directors at its Meeting on February 12, 2010 relating to termination indemnity and indemnity to compensate for the loss of pension rights were made pursuant to the regulated agreements procedure provided for under the "TEPA" law. They have been published in full on the Company's website since February 17, 2010. The commitments thus amended will come into force at the close of the next Shareholders' Meeting under the condition precedent of the renewal of the terms of office of Benoît Potier as Director, as submitted to the Shareholders' Meeting, and his terms of office as Chairman and Chief Executive Officer. These commitments are described in the Statutory Auditors' Special Report on related-party agreements and commitments and are subject to a vote at the Annual General Meeting of May 5, 2010 in a specific resolution concerning Benoît Potier, the latter also covering the amendment to the pension plans applicable to Benoît Potier.

PIERRE DUFOUR

In accordance with the AFEP/MEDEF Code of corporate governance, at its meeting on February 13, 2009, the Board of Directors amended the terms of the agreement approved by the Board of Directors on November 8, 2007, on the appointment of Pierre Dufour as Senior Executive Vice-President, and approved by the Annual General Meeting of May 7, 2008, regarding the following three points:

(i) only the forced departure of Pierre Dufour from his office as Senior Executive Vice-President (removal from office, non-renewal, request for resignation) related to a change of strategy or a change in control may give rise to an indemnity;

(ii) the amount of the indemnity in any of these cases (taking into account the statutory indemnities or the indemnities provided for by the collective bargaining agreement due, where applicable, in respect of termination of the employment contract and any non-competition indemnity due in respect of this termination) is set at 24 months' gross fixed and variable remuneration;

(iii) the right to payment of the indemnity is subject to achievement of the performance conditions as previously defined, with the proportion of the indemnity due decreasing according to the rate of achievement of such conditions, based on a formula described below (see section on "Performance conditions – Termination indemnities" below).

The decision made by the Board of Directors at its meeting on February 13, 2009 pursuant to the regulated agreements procedure provided for under the "TEPA" law has been published in full on the Company's website. The agreement, as amended, was approved by the Annual General Meeting of May 7, 2009, in a specific resolution concerning Pierre Dufour, and shall be reviewed on the renewal of his term of office as Senior Executive Vice-President in 2011.

Performance conditions

TERMINATION INDEMNITIES

The Board of Directors decided that (i) payment of the termination indemnities due to Benoît Potier and Pierre Dufour mentioned above (excluding however for Pierre Dufour the statutory indemnity or the indemnity provided for in the collective bargaining agreement, as well as any non-competition indemnity which could be due in respect of termination of his employment contract) shall be subject to compliance, duly acknowledged by the Board of Directors at the time of or subsequent to the termination of their duties, with conditions relating to the beneficiary's performance assessed in relation to the Company's performance, defined at present as follows:

entitlement to the indemnity referred to above shall depend on, and the amount of the indemnity paid shall be adjusted on the basis of the average of the annual variance between the Return On Capital Employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed using accounting net equity) calculated (based on the certified consolidated financial statements approved by the Shareholders' Meeting) with respect to the last three fiscal years prior to the fiscal year in which the departure occurs. For the purposes of this calculation, the variance between the ROCE and the WACC will be measured for each fiscal year and the average of the three annual variances over the three fiscal years prior to the fiscal year during which the departure occurs will be calculated.

The following formula will be applied:

Average variance (ROCE – WACC)	Percentage of the indemnity due
≥ 200 bp [a]	100%
≥ 100 bp and < 200 bp	66%
≥ 50 bp and < 100 bp	50%
≥ 0 bp and < 50 bp	33%
< 0	0

(a) bp: basis point.

These conditions will be reviewed by the Board of Directors and, where applicable, amended to take account of changes in the corporate environment each time the beneficiary's term of office is renewed and, where applicable, during his term of office.

With respect to Benoît Potier, any legal indemnity or indemnity provided for by the collective bargaining agreement paid, where applicable, with respect to the termination of his employment contract, is not subject to the aforementioned conditions until the date of termination of said contract, which should occur on the renewal of his terms of office in 2010. Any reference to the employment contract shall be eliminated as of this date.

Upon the renewal of his terms of office in May 2010, in the event of a forced departure in the 24 months preceding the date on which Benoît Potier as Chairman and Chief Executive Officer shall reach the statutory age limit, the amount of the indemnity shall be capped at the number of months of gross remuneration separating the date of forced departure from the date the statutory age limit (63) is reached. In any case, no indemnity shall be paid should the party concerned claim his pension benefits on the date of a forced departure.

INDEMNITY TO COMPENSATE FOR THE LOSS OF PENSION RIGHTS IN RESPECT OF THE CORPORATE OFFICE

As of the date of renewal of his terms of office, Benoît Potier's entitlement to receive compensation for the loss of pension rights, as described above will depend on the amount of the indemnity paid and will be adjusted according to the average of the annual variance between the return on capital employed after tax (ROCE) and the weighted average cost of capital (WACC) (assessed using accounting net equity) and calculated (based on the certified consolidated financial statements approved by the Shareholders' Meeting), for the last seven fiscal years preceding the fiscal year during which he leaves the Company. For purposes of the calculation, the variance between the ROCE and the WACC will be measured for each fiscal year and the average of the seven annual variances for the last seven fiscal years preceding the fiscal year during which he leaves the Company shall be calculated.

The following formula, which is identical to the one adopted for the termination indemnity, will be applied:

Average variance (ROCE – WACC)	Percentage of the indemnity due
≥ 200 bp [a]	100%
≥ 100 bp and < 200 bp	66%
≥ 50 bp and < 100 bp	50%
≥ 0 bp and < 50 bp	33%
< 0	0

(a) bp: basis point.

These conditions will be reviewed by the Board of Directors and, where applicable, amended to take account of changes in the corporate environment each time that Benoît Potier's term of office is renewed, or where applicable, during his term of office.

In any case, the commitment to compensate for the loss of pension rights will become null and void in 2012 when Benoît Potier reaches 55 years of age.

GUARANTEE COVERING CORPORATE MANAGERS AND EXECUTIVES

Pursuant to a decision of the May 2006 Board of Directors' Meeting, Benoît Potier benefits, in his capacity as a corporate officer, from the guarantee covering corporate managers and executives subscribed by the Company. Contributions paid by the Company are added back to Benoît Potier's remuneration as benefits in kind.

In accordance with the procedure governing regulated agreements, this decision was approved by the Annual General Meeting of May 9, 2007.

The Board of Directors confirmed that Benoît Potier would continue to benefit from this guarantee as part of the renewal of his terms of office.

TABLE 8 (SEE PAGE 112) AND TABLE 9 (SEE PAGE 113)

TABLE 10

The table below summarizes commitments relating to the termination of duties of executive officers as set out above.

Executive Corporate officer	Employment contract	Supplementary pension plan (see details above)	Indemnities or benefits due or that may be due on the termination of or a change in duties (see details above)	Supplementary pension plan (see details above)
Benoît Potier Chairman and Chief Executive Officer Term of office start date: 2006 Term of office end date: 2010 (renewal of the term of office as Director proposed to the Annual General Meeting of May 5, 2010)	Suspended in May 2006. During the Board of Directors' meeting of February 12, 2010, Benoît Potier announced his decision to resign from his employment contract at the close of the Annual General Meeting held to approve the 2009 financial statements subject to the condition precedent of the renewal of his terms of office as director and Chief Executive Officer	**YES** Pension plan for senior managers and executives: ■ Partly defined contribution plan ■ Partly defined benefit plan	**YES** ■ Termination indemnity – Case: forced departure related to a change of strategy or a change in control – Maximum amount: 24 months of gross fixed and variable remuneration – Subject to performance conditions – Reduction at the approach of the statutory age limit, exclusion should the party concerned claim his pension benefits on the date of a forced departure ■ Indemnity to compensate for loss of pension entitlement subject to performance conditions, in the event the term of office is terminated at the company's initiative, before the age of 55	**NO**
Pierre Dufour Senior Executive Vice-President Term of office start date: 2007 Term of office end date: 2011	**YES**	**YES** Pension plan for senior managers and executives: ■ Partly defined contribution plan ■ Partly defined benefit plan	**YES** ■ Termination indemnity – Case: forced departure related to a change of strategy or a change in control – Maximum amount (all indemnities including non-competition indemnities relating to termination of employment contract): 24 months of gross fixed and variable remuneration – Subject to performance conditions	**YES** In respect of the employment contract: 16 months of employee remuneration, indemnity included in the overall maximum limit of 24 months' fixed and variable remuneration
Klaus Schmieder Senior Executive Vice-President Term of office start date: 2004 Retirement date: 12/31/2009	Not applicable – following retirement on 12/31/2009	**YES** Pension plan for senior managers and executives: ■ Partly defined contribution plan ■ Partly defined benefit plan	Not applicable – following retirement on 12/31/2009	Not applicable – following retirement on 12/31/2009

Transactions involving Company shares performed by corporate officers

In 2009, the following transactions involving Company shares were performed by corporate officers:

	Nature of the transaction	Date of transaction	Average price *(in euros)*
Alain Joly	Exercise of 20,000 share subscription options of L'Air Liquide S.A.	February 20, 2009	44.90
Pierre Dufour	Exercise of 10,000 share subscription options of L'Air Liquide S.A.	February 20, 2009	56.09
Pierre Dufour	Exercise of 10,000 share subscription options of L'Air Liquide S.A.	February 23, 2009	56.09
Pierre Dufour	Sale of 10,000 shares of L'Air Liquide S.A.	February 23, 2009	62.81
Pierre Dufour	Exercise of 10,000 share subscription options of L'Air Liquide S.A.	February 24, 2009	56.09
Pierre Dufour	Sale of 10,000 shares of L'Air Liquide S.A.	February 24, 2009	59.66
Pierre Dufour	Sale of 10,000 shares of L'Air Liquide S.A.	February 25, 2009	59.51
Benoît Potier	Exercise of 15,000 share subscription options of L'Air Liquide S.A.	March 11, 2009	56.09
Benoît Potier	Exercise of 15,000 share subscription options of L'Air Liquide S.A.	March 12, 2009	56.09
Benoît Potier	Sale of 15,000 shares of L'Air Liquide S.A.	March 12, 2009	60.50
Benoît Potier	Exercise of 10,000 share subscription options of L'Air Liquide S.A.	March 13, 2009	56.09
Benoît Potier	Sale of 15,000 shares of L'Air Liquide S.A.	March 13, 2009	62.00
Benoît Potier	Sale of 10,000 shares of L'Air Liquide S.A.	March 16, 2009	60.98
Pierre Dufour	Exercise of 13,192 share subscription options of L'Air Liquide S.A.	March 19, 2009	44.90
Jean-Claude Buono	Sale of 500 shares of L'Air Liquide S.A.	March 24, 2009	64.00
Alain Joly	Exercise of 34,908 share subscription options of L'Air Liquide S.A.	May 4, 2009	44.90
Alain Joly	Sale of 5,000 shares of L'Air Liquide S.A.	May 4, 2009	63.49
Alain Joly	Sale of 5,000 shares of L'Air Liquide S.A.	May 4, 2009	63.39
Alain Joly	Sale of 3,000 shares of L'Air Liquide S.A.	May 4, 2009	62.40
Alain Joly	Sale of 3,490 shares of L'Air Liquide S.A.	May 4, 2009	62.33
Pierre Dufour	Exercise of 8,000 share subscription options of L'Air Liquide S.A.	May 4, 2009	56.09
Pierre Dufour	Exercise of 8,000 share subscription options of L'Air Liquide S.A.	May 5, 2009	56.09
Pierre Dufour	Sale of 8,000 shares of L'Air Liquide S.A.	May 5, 2009	63.26
Jean-Claude Buono	Exercise of 1,528 share subscription options of L'Air Liquide S.A.	May 5, 2009	44.90
Alain Joly	Sale of 3,000 shares of L'Air Liquide S.A.	May 6, 2009	63.39
Alain Joly	Sale of 3,000 shares of L'Air Liquide S.A.	May 6, 2009	62.66
Alain Joly	Sale of 4,000 shares of L'Air Liquide S.A.	May 6, 2009	62.89
Jean-Claude Buono	Sale of 1,528 shares of L'Air Liquide S.A.	May 6, 2009	62.00
Pierre Dufour	Sale of 8,000 shares of L'Air Liquide S.A.	May 6, 2009	62.00
Pierre Dufour	Exercise of 7,917 share subscription options of L'Air Liquide S.A.	May 6, 2009	56.09

	Nature of the transaction	Date of transaction	Average price *(in euros)*
Pierre Dufour	Sale of 7,917 shares of L'Air Liquide S.A.	May 7, 2009	63.00
Pierre Dufour	Capital increase reserved for employees Purchase of 66 shares of L'Air Liquide S.A.	May 7, 2009	46.46
Klaus Schmieder	Capital increase reserved for employees Purchase of 213 shares of L'Air Liquide S.A.	May 7, 2009	47.98
Benoît Potier	Exercise of 79,766 share subscription options of L'Air Liquide S.A.	May 11, 2009	56.09
Benoît Potier	Sale of 75,766 shares of L'Air Liquide S.A.	May 14, 2009	61.79
Pierre Dufour	Exercise of 56 share subscription options of L'Air Liquide S.A.	May 20, 2009	48.08
Jean-Claude Buono	Exercise of 64,000 share subscription options of L'Air Liquide S.A.	June 4, 2009	56.09
Jean-Claude Buono	Sale of 64,000 shares of L'Air Liquide S.A.	June 5, 2009	65.09
Jean-Claude Buono	Exercise of 1,383 share subscription options of L'Air Liquide S.A.	June 11, 2009	56.09
Jean-Claude Buono	Sale of 1,383 shares of L'Air Liquide S.A.	June 12, 2009	66.50
Jean-Claude Buono	Sale of 600 shares of L'Air Liquide S.A.	August 3, 2009	73.60
Natural person related to Pierre Dufour	Purchase of 110 shares of L'Air Liquide S.A.	August 6, 2009	74.25
Karen Katen	Purchase of 1,000 shares of L'Air Liquide S.A.	August 12, 2009	72.11
Benoît Potier	Exercise of 82 share subscription options of L'Air Liquide S.A.	September 1, 2009	48.08
Natural person related to Benoît Potier	Purchase of 3 shares of L'Air Liquide S.A.	September 17, 2009	78.46
Natural person related to Benoît Potier	Purchase of 3 shares of L'Air Liquide S.A.	September 17, 2009	78.49
Natural person related to Benoît Potier	Purchase of 3 shares of L'Air Liquide S.A.	September 17, 2009	78.46
Natural person related to Benoît Potier	Purchase of 6 shares of L'Air Liquide S.A.	September 17, 2009	78.50
Jean-Claude Buono	Sale of 1,000 shares of L'Air Liquide S.A.	September 22, 2009	77.69
Jean-Claude Buono	Sale of 700 shares of L'Air Liquide S.A.	December 1, 2009	78.87

Share subscription option plans and conditional grant of shares to employees (CGSE)

ALLOTMENT POLICY

Each year, the Company sets up in principle:

- a share subscription option plan for its corporate officers and employees; and
- since 2008, plans for conditional grants of shares to employees (CGSE).

These allotments are decided by the Board of Directors pursuant to the authorizations granted by Shareholders' Meetings.

The introduction of CGSE plans since 2008 has enabled the Company to offer a medium-term compensation scheme with features that are complementary to the long-term share subscription option plan and to increase the number of beneficiaries.

The current share subscription option and conditional share grant system is therefore intended for three groups of beneficiaries:

- the Company's corporate officers and members of the Executive Committee, who can only receive options and are not eligible for the CGSE plans (pursuant to the resolution voted by the 2007 Extraordinary Shareholders' Meeting for the Company's corporate officers and the recommendation of the Remuneration Committee for the members of the Executive Committee);
- Group *managers* who have a high level of responsibility or make specific contributions to the Group and benefit from a double allotment of both options and conditional shares (the conditional share grant partially replaces the options at a ratio of 4 options for 1 share);
- other employees corresponding to *middle managers* who receive options, and a category of new employee beneficiaries, who receive conditional shares only.

The criteria used to draw up the lists of employee beneficiaries reflect the business segments and geographical areas in which the Group conducts its business as well as the specific contribution or potential of the relevant persons. The list of employee beneficiaries is also prepared in such a way as to ensure a certain turnover and an increase in the number of beneficiaries.

The stock options granted to corporate officers can only be exercised, in their entirety, if certain performance requirements are met by the Company (for details of performance requirements, see page 99). As of 2010, any allocation to a beneficiary exceeding the threshold of 1,500 options will be subject to performance conditions, in the amount of 50% of the options allocated exceeding the threshold. This measure has no impact on the allocations of options to executive officers that are fully subject to performance conditions.

Furthermore, the number of shares definitively vested by conditional share beneficiaries shall depend on the achievement of a performance target.

The total outstandings as of December 31, 2009 for CGSE and share subscription options allotted and the total CGSE and share subscription options authorized as of this date represented a number of shares amounting to less than 5% of the share capital at this same date.

To enable the Board of Directors to pursue this allotment policy, two new resolutions are submitted for the approval of the Combined Shareholders' Meeting of May 5, 2010 (see report on the resolutions page 236 and draft 16th and 17th resolutions pages 246 and 247).

SHARE SUBSCRIPTION OPTION PLANS

(Information to be regarded as the Special Report of the Board of Directors within the meaning of Article L. 225-184 of the French Commercial Code)

Description

Pursuant to authorizations of Shareholders' Meetings and at the recommendation of the Remuneration Committee, the Board of Directors, the Supervisory Board and the Management Board have adopted, at Group level, share subscription option plans for certain employees (including corporate officers).

The purpose of these options is to motivate top-performing Company managers, retain the highest performing managers and associate them with the medium and long-term interests of shareholders.

Stock options are granted for a minimum unitary amount equal to or greater than the average market price during the 20 trading days prior to the date they are granted. The maximum exercise period is 10 years for options granted before May 4, 2000, seven years for options granted between May 4, 2000 and April 8, 2004 and eight years for those granted since that date.

Stock options granted on May 12, 1999 can only be exercised after a five-year minimum term from such date. Stock options granted after May 12, 1999 can only be exercised after a four-year minimum term from the date they were granted.

The share subscription option plans of 1999 and 2002 expired respectively on May 11, 2009, June 13, 2009 and October 10, 2009 (plan granted to mark the Company's 100th year anniversary).

The total number of stock options, granted by the Board of Directors, the Supervisory Board, and the Management Board under the plans authorized by Shareholders' Meetings, but not exercised as of December 31, 2009 amounts, after adjustment, to 4,926,871 options or 1.86% of the share capital (average price of 67.08 euros), of which 873,704 options (average price of 68.95 euros) were granted to members of Executive Management.

Out of the total number of options issued pursuant to the authorization of the Shareholders' Meeting of May 9, 2007, 3,852,253 options were retained for possible allotment by the Board of Directors as of December 31, 2009.

Stock options granted in 2009 (Plan of June 15, 2009)

The Combined Shareholders' Meeting on May 9, 2007 authorized the Board of Directors to grant to employees and/or corporate officers of the Company and its subsidiaries, options to purchase new shares of the Company to be issued to increase the capital, provided that the total number of shares for which options are thus granted does not exceed 2% of the Company's share capital on the date the options are granted.

Under this authorization, the Board of Directors, in its meeting on June 15, 2009, granted 484,292 options to purchase shares at a price of 65 euros each, equal to 100% of the average price of the 20 trading days immediately preceding the date on which the options were granted to the 308 beneficiaries.

These options can only be exercised after a four-year minimum term from the date they were granted and must be exercised within an eight-year maximum term as from such date.

BREAKDOWN BETWEEN THE VARIOUS BENEFICIARY CATEGORIES

In 2009	Number of beneficiaries	Number of options
Corporate officers of L'Air Liquide S.A.	2	128,000
Senior Executives (not corporate officers of L'Air Liquide S.A.)	306	356,292

TABLE 8: STOCK OPTIONS GRANTED DURING THE LAST ELEVEN YEARS

	1999	2000	2001	2002	2002 (a)	2004	2004	2005	2006	2007	2007	2008	2009
Date of authorization by the EGM	05/12/99	05/04/00	05/04/00	04/30/02	04/30/02	04/30/02	05/12/04	05/12/04	05/12/04	05/09/07	05/09/07	05/09/07	05/09/07
Date of grant by the Board of Directors or the Management Board	05/12/99	09/07/00	08/28/01	06/14/02	10/10/02	04/08/04	11/30/04	03/21/05	03/20/06	05/09/07	11/08/07	07/09/08	06/15/09
Total share subscription options granted (b) (h)	264,300	702,900	5,900	955,400	769,130	500,000	35,385	428,000	444,000	431,150	4,000	513,392	484,292
including to officers and directors	44,000	70,000		75,000	60	57,000	15,000	70,000	90,000	75,000		168,300	128,000
Benoît POTIER (b) (c)	13,000	20,000		50,000	30	40,000		40,000	50,000	40,000		88,000	88,000
Alain JOLY (c)	25,000	50,000											
Gérard LEVY (c)	6,000												
Jean-Claude BUONO (c)				25,000	30	17,000		15,000	20,000	15,000			
Klaus SCHMIEDER (b) (c)							15,000	15,000	20,000	20,000		44,000	
Pierre DUFOUR (c)												36,300	40,000
including to top ten executives receiving the highest number of options	46,000	83,500	5,900	112,000	300	77,000	12,325	61,800	62,000	59,000		92,620	124,180
Number of beneficiaries (h)	122	321	2	481	31,012	448	38	520	500	535	1	328	308
Exercise period start date	05/12/04	09/07/04	08/28/05	06/14/06	10/11/06	04/08/08	11/30/08	03/21/09	03/20/10	05/09/11	11/08/11	07/09/12	06/15/13
Expiration date	05/11/09	09/06/07	08/27/08	06/13/09	10/10/09	04/07/11	11/29/12	03/20/13	03/19/14	05/08/15	11/07/15	07/08/16	06/14/17
Subscription price *(in euros)*	148.00	142.00	155.00	168.00	128.00	139.00	131.00	138.00	168.00	183.00	94.00	84.00	65.00
Subscription price as of 12/31/09 (d)	44.90			56.09	48.08	52.20	54.12	57.01	69.41	83.18	85.45	84.00	65.00
Restated total number of share subscription options granted as of 12/31/09 (d) (g)	644,036	1,129,617	7,466	2,428,417	1,365,617	1,294,808	85,728	1,025,851	1,060,926	946,196	4,401	513,392	484,292
Total shares subscribed as of 12/31/09 (g)	621,259	1,062,050	4,766	2,354,624	1,039,616	296,975	12,306	85,738	1,214 (e)				
Total share subscription options cancelled as of 12/31/09 (d) (f) (g)	22,777	67,567	2,700	73,793	326,001	22,202	1,891	12,722	16,779	31,504		7,392	
Total share subscription options remaining as of 12/31/09 (d)						975,631	71,531	927,391	1,042,933	914,692	4,401	506,000	484,292

(a) Exceptional plan approved in 2002, for the Company's 100th year celebration and involving all Group employees who met certain conditions, including seniority. The plan expired on October 12, 2009, the stock exchange being closed on October 10, 2009.
(b) Stock options granted in November 2007, 2008 and 2009 take into account the one-for-two share split on June 13, 2007 (par value split from €11 to €5.50).
(c) Stock options granted during office as corporate officer (in historical data).
(d) Adjusted to take into account share capital increases through bonus share issues (2008, 2006,2004, 2002, 2000) and the two-for-one share split (€11 par value split to 5.50 euros) on June 13, 2007.
(e) Early exercise of rights provided for in the stock option plans.
(f) Loss of exercise rights.
(g) Number of shares or stock options expressed historically.
(h) The number of beneficiaries and stock options granted decreased in 2008, following the first implementation of a CGSE plan in addition to a stock option plan. Corporate officers and directors are not entitled to CGSE plans.

TABLE 9

TABLE 9.1 – OPTIONS GRANTED TO THE TEN EMPLOYEES (EXCLUDING CORPORATE OFFICERS) WHO WERE GRANTED THE HIGHEST NUMBER OF OPTIONS

In 2009	Number of options	Average price
L'Air Liquide S.A.	93,400	65
L'Air Liquide S.A. and its subsidiaries	124,180	65

The number, expiration date and subscription price of the share subscription options granted in 2009 to the corporate officers of the Company are described on page 100.

Stock options exercised in 2009

Some of the options granted from 1999 to 2006 by either the Board of Directors, the Supervisory Board or the Management Board were exercised in fiscal year 2009 for a total of 2,332,777 shares for an average price of 53.37 euros.

TABLE 9.2 – OPTIONS EXERCISED BY THE TEN EMPLOYEES OF L'AIR LIQUIDE S.A. AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

Grant date	Number of options exercised	Average price *(in euros)*
May 12, 1999	54,074	44.90
June 14, 2002	161,443	56.09
October 10, 2002	410	48.08
April 8, 2004	31,137	52.20
March 21, 2005	16,947	57.01
TOTAL	**264,011**	**53.39**

TABLE 9.3 – OPTIONS EXERCISED BY THE TEN EMPLOYEES OF L'AIR LIQUIDE S.A. (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

Grant date	Number of options exercised	Average price *(in euros)*
May 12, 1999	27,999	44.90
June 14, 2002	129,400	56.09
October 10, 2002	328	48.08
April 8, 2004	4,200	52.20
TOTAL	**161,927**	**54.04**

CONDITIONAL GRANT OF SHARES TO EMPLOYEES (CGSE)

(Information to be regarded as the Special Report of the Board of Directors within the meaning of Article L. 225-197-4 of the French Commercial Code)

Description

In order to retain and motivate talented employees and compensate their medium-term performance, an additional compensation system was set up in 2008 involving conditional share grants to employees.

The 10th resolution adopted by the Extraordinary Shareholders' Meeting of May 9, 2007 authorized the Board of Directors to grant bonus shares to Group employees (with the exception of the Group's corporate officers), up to a maximum of 0.5% of the Company's share capital on the date the Board decides to grant such shares.

Under this authorization, the Board of Directors adopted two different regulations on May 7, 2008 ("France" Plan and "World" Plan) governing the conditional grant of Company shares to employee beneficiaries determined by the Board. The differences between the "France" and "World" plans are mainly the number of years of service required (paragraph a) below) and the correlative absence of any holding requirement for the "World" Plan (paragraph c) below).

The number of conditional share beneficiaries increased from 651 for 116,138 conditional shares allotted in 2008 to 897 for 123,186 conditional shares allotted in 2009.

Conditional employee share grants are subject to:

a) a continued service requirement

Shares granted to a beneficiary shall only be definitively vested if he or she has been a salaried employee or corporate officer of a Group company during a vesting period, calculated as from the grant date, of two years for "France" Plan beneficiaries and 4 years for "World" Plan beneficiaries. In the event of retirement, the beneficiary retains his rights, but is no longer required to satisfy the continued service requirement.

b) a performance requirement

For 2008, this requirement is identical for both plans. The number of shares vested depends on the average growth in net income attributable to equity holders of the parent over the first two years of the vesting period and varies according to the achievement rate of the average growth target set for net income attributable to the equity holders of the parent by the Board of Directors for the period in question.

Achievement rate of the average growth target set for net income attributable to the equity holders of the parent	Percentage of granted shares definitively vested
≥ 2/3	100%
≥ 1/2 and < 2/3	50%
≥ 1/3 and < 1/2	25%
< 1/3	0

The Board of Directors determined the performance requirement achievement rate during its meeting held to approve the 2009 financial statements. Subject to the approval of the financial statements by the Shareholders' Meeting, the number of shares definitively allotted to the beneficiaries shall amount to 25% of the conditional share grant.

For 2009, this requirement is identical for both plans (see below performance requirement).

c) a holding requirement

As from the final grant date, the beneficiaries of the "France" Plan are required to hold their shares for two additional years during which such shares may not be transferred (except in the event of disability or death).

Conditional share grants to employees decided in 2009

Pursuant to the 10th resolution of the Extraordinary Shareholders' Meeting of May 9, 2007, the Board of Directors' Meeting of June 15, 2009 opted for the conditional grant of shares to employees. In accordance with the aforementioned principles, the corporate officers of the Company and members of the Executive Committee are not eligible for these shares.

A total of 123,186 shares were therefore allotted on a conditional basis to 897 beneficiaries (46,330 shares allotted to "France" Plan beneficiaries and 76,856 shares allotted to "World" Plan beneficiaries). As of December 31, 2009, the unit fair values of the shares allotted under the "France" Plan and the "World Plan" were 47.62 euros and 53.30 euros, respectively (calculated under IFRS). Subject to the achievement of the continued service and performance requirements, these shares shall be definitively vested by the beneficiaries on June 15, 2011 for the "France" Plan (with no possibility of transfer prior to June 15, 2013) and June 15, 2013 for the "World" Plan.

The number of definitively vested shares shall depend on the achievement rate set by the Board for the Group's undiluted net earnings per share, excluding foreign exchange impacts and exceptional items (recurring net earnings per share), for fiscal year 2010, compared to the recurring net earnings per share for fiscal year 2008.

For the 2009 grant, the performance requirement achievement rate shall be determined by the Board of Directors at the meeting held to approve the 2010 financial statements, according to a linear reducing-balance method.

BREAKDOWN BETWEEN THE VARIOUS BENEFICIARY CATEGORIES

	2008 Number of shares	2009 Number of shares
Senior Executives (excluding the corporate officers and Executive Committee members of L'Air Liquide S.A.) receiving both options and conditional shares	76,912	66,442
Other executives and employees receiving conditional shares only	39,226	56,744

OPTIONS GRANTED TO THE TEN EMPLOYEES (EXCLUDING CORPORATE OFFICERS AND EXECUTIVE COMMITTEE MEMBERS OF L'AIR LIQUIDE S.A.) WHO WERE GRANTED THE HIGHEST NUMBER OF OPTIONS

	2008 Number of shares	2009 Number of shares
L'Air Liquide S.A.	4,620	4,050
L'Air Liquide S.A. and its subsidiaries	5,720	4,955

SUMMARY TABLE OF CONDITIONAL SHARE GRANTS TO EMPLOYEES

	2008 grant	2009 grant
Date of authorization by the EGM	05/09/2007	05/09/2007
Date of grant by the Board of Directors	07/09/2008	06/15/2009
Total number of conditional shares granted	116,138	123,186
Including the top ten employees (excluding corporate officers) receiving the highest number of shares	*5,720*	*4,955*
Number of beneficiaries	651	897
Performance requirement ("France" and "World" Plans):	Achievement rate of the average growth target set for net income attributable to the equity holders of the parent (excluding foreign exchange impact and exceptional items) for fiscal years 2008 (compared to 2007) and 2009 (compared to 2008)	Achievement rate of the average growth target set for recurring net earnings per share for fiscal year 2010 compared to recurring net earnings per share for fiscal year 2008
"France" Plan final grant date	07/09/2010	06/15/2011
"World" Plan final grant date	07/09/2012	06/15/2013
End of "France" Plan holding period	07/09/2012	06/15/2013
Early definitive grant		80 (a)

(a) Early definitive grant stipulated in the stock option plan regulations.

Employee savings and share ownership

For many years, Air Liquide has pursued an active policy promoting employee profit-sharing in connection with the Group's development and the association of its employees with the Company's capital.

PROFIT-SHARING

Profit-sharing and incentive schemes have been organized for many years in most Group companies in France.

In 2009, L'Air Liquide S.A. paid 24.9 million euros to more than 5,484 employees in respect of profit-sharing, incentives and, as the case may be, company contributions.

Under the main company savings plans, Group employees in France can benefit from the preferential tax regime applicable in consideration for the blocking of their assets over a period of five years, by making payments to diversified investment funds, on a voluntary basis or based on profit-sharing, incentives and, where applicable, contributions.

In 2010, in accordance with the law, the granting of the stock option plan will be accompanied by a plan associating all employees in France to the Company's performance, which plan should if possible take the form of a supplementary incentive payment.

EMPLOYEE SHARE OWNERSHIP

Since 1986, the Company has regularly performed share capital increases reserved for Group employees, for which subscription is offered at a preferential rate. The most recent capital increase performed in May 2009 resulted in subscription to nearly one million shares by 18,523 Group employees around the world (see the Board of Directors' Additional Report hereafter and the Statutory Auditors' Supplementary Report on page 265). For every four shares subscribed, L'Air Liquide S.A. and its French subsidiaries contributed one bonus share to the employee subscription. The total contribution was limited to three bonus shares or 15 shares acquired for 12 subscribed.

In France, the shares subscribed in these capital increases are also eligible for the preferential tax regime applicable provided that they are blocked over a period of five years, while those held abroad are governed by the legal regulations prevailing in each relevant country.

At the end of 2009, the share of capital held by Group employees and former employees is estimated at 2%, of which 1.4% (within the meaning of Article L. 225-102 of the French Commercial Code) correspond to shares subscribed by employees under employee reserved capital increases or held through mutual funds.

Air Liquide wishes to pursue this strategy and further the development of its employee share ownership, by increasing the frequency of the transactions proposed to employees and gradually introducing new incentive schemes.

INCREASE IN CAPITAL RESERVED FOR THE EMPLOYEES (2009)

Additional report of the Board of Directors

Dear Shareholder,

We are presenting to you this additional report pursuant to Article R. 225-116 of the French Commercial Code, on the use we have made of the delegation of authority that you granted to the Board of Directors at the Combined Shareholders' Meeting of May 7, 2008, in the 19th resolution, for a maximum period of 26 months, to increase the share capital, in accordance with the provisions of Article L. 225-138-1 of the French Commercial Code and Articles L. 3332-18 et seq. of the French Employment Code, on one or more occasions, by a maximum of 5 million shares with a par value of €5.50 each. The subscription of such shares is reserved for employees of the Company and French or foreign companies which are affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code, and that are members of a Group savings plan as referred to by Articles L. 3332-1 et seq. of the French Employment Code.

1. AUTHORISATIONS AND DECISIONS

We wish to remind you that pursuant to this delegation of authority by the Shareholders' Meeting:

- the Board of Directors decided, at its meeting of February 13, 2009, on the principle of an increase in capital by a maximum of 1 million shares in favour of Group employees who are members of a Group savings plan in accordance with the provisions of Articles L. 3332-18 et seq. of the French Employment Code and Article L. 225-138-1 of the French Commercial Code;
- for this purpose, at its meeting on February 13, 2009, the Board of Directors delegated to the Chairman and Chief Executive Officer all the powers required to carry out this increase in capital, and in particular:
  - to adopt the list of companies eligible for the transaction;
  - to set the subscription price (including, where applicable, the subscription prices applicable locally);
  - to set the terms and conditions and time period for paying up the shares subscribed;
  - to decide on the opening and closing dates of the subscription period;
  - to record the completion of the corresponding capital increase, and amend the articles of association accordingly;
  - to do everything useful and necessary for the implementation of the transaction.

Accordingly, making use of the delegation of authority granted by the Board of Directors, the Chairman and Chief Executive Officer set on March 30, 2009, the opening and closing dates for the subscription period and determined the subscription price for the new Air Liquide shares within the framework of the increase in capital reserved for the employees decided by the Board of Directors on February 13, 2009.

2. MAIN FEATURES OF THE TRANSACTION

The increase in capital reserved for the employees falls within the framework, as provided for by the applicable provisions of the laws and regulations, of a France Group Share Purchase Plan and an International Group Share Purchase Plan. For this purpose, the France Group Share Purchase Plan set up on July 18, 2005 was recast on August 1, 2008 through an amendment agreement which was agreed upon with the trade union organisations at L'Air Liquide S.A. A similar amendment agreement was also entered into on August 1, 2008 with respect to the plan set up on July 22, 2005 for employees of foreign subsidiaries.

Subscription to this increase in capital was open to the employees of the Group's French or foreign subsidiaries of which over 50% of the capital or voting rights are owned by L'Air Liquide S.A. and that are members of the France Group Share Purchase Plan or the International Group Share Purchase Plan, on condition that these employees have at least three months' length of service at the end of the subscription period (stricter conditions with regard to length of service are set by some countries).

Furthermore, in accordance with the regulations of the France Group Share Purchase Plan and the regulations of the International Group Share Purchase Plan, the employees of some of the Group companies, located in France, Morocco, Lebanon and the People's Republic of China, of which L'Air Liquide S.A. directly or indirectly holds 40% to 50% of the share capital or voting rights, were admitted for participation in the transaction.

The subscription price was set at €48.67 (€51.72 for the United States) per share, the amount corresponding to the average of the opening trading prices of the Air Liquide share during the twenty trading days prior to the decision by the Chairman and Chief Executive Officer setting the dates of the subscription period, i.e. €60.836 per share ("the Reference Share Price"), with this average being reduced by 20% (15% for the United States) and rounded up to the nearest Euro cent.

The maximum amount of the subscription per eligible employee was set at 25% of the gross annual remuneration of each subscriber (with this limit including, in France, all other voluntary payments made within the scope of Group or company savings plan or a corporate retirement savings plan (PERCO) over the course of 2009, in accordance with the regulations on employee savings plans). An additional employer contribution in the form of shares was proposed by L'Air Liquide S.A. and the French subsidiaries that have adhered to the France Group Share Purchase Plan, on the basis of 1 free share for every 4 shares subscribed up to a maximum of 3 free shares per employee.

The subscription period for the shares was open from April 1, 2009 to April 14, 2009 inclusive.

As the total requests for subscriptions made by the employees were greater than the total number of shares proposed within the scope of this increase in capital, the requests for subscription were reduced by decreasing the size of requests, starting with the largest subscription requests, in accordance with the decision made by the Board of Directors on February 13, 2009.

The increase in capital was recorded by the Board of Directors at its meeting on May 7, 2009 held prior to the Combined Shareholders' Meeting on the same date.

The total number of new shares issued is 999 229, with a par value of €5.50 each.

The new shares issued are ordinary shares of Air Liquide of the same class and immediately identical to the Air Liquide shares that have already been admitted for trading on the Euronext Paris market (Compartment A). They will be admitted for trading on the Euronext Paris market under the same ISIN code (FR0000120073) as the existing Air Liquide shares and will grant entitlement to any distribution of dividends that may be decided after their creation. The new shares will be subject to all the provisions of the articles of association.

3. IMPACT OF THE ISSUE OF 999,229 SHARES ON THE SITUATION OF THE SHAREHOLDER AND HIS/HER SHARE IN THE SHAREHOLDERS' EQUITY AND THEORETICAL IMPACT ON THE STOCK MARKET VALUE OF THE SHARE

3.1 Impact on the stake held by the shareholder in the Company's share capital

Based on the share capital of L'Air Liquide S.A. as at December 31, 2008, the impact of the share issue on the stake in the capital of a shareholder holding 1% of the share capital of L'Air Liquide S.A. prior to the share issue who does not subscribe to such a capital increase will be as follows:

	% stake held by the shareholder	
	Non-diluted basis	Diluted basis [(a)]
Prior to the issue of the new shares resulting from this capital increase	1%	0.982%
After the issue of the new shares resulting from this capital increase	0.996%	0.979%

(a) The calculations are made on the assumption that all the Company's dilutive instruments existing as of April 30, 2009 are exercised, not taking into account the exercise of stock options since January 1, 2009.

3.2. Impact of the share issue on the share of consolidated shareholders' equity

Based on the Group's share of consolidated shareholders' equity as shown by the consolidated financial statements at December 31, 2008, the impact of the share issue on the Group's share of shareholders' equity for the holder of one Air Liquide share prior to the share issue who does not subscribe to such capital increase will be as follows:

	Share of shareholders' equity *(in euros)*	
	Non-diluted basis	Diluted basis [(a)]
Prior to the issue of the new shares resulting from this capital increase	26.28	26.74
After the issue of the new shares resulting from this capital increase	26.37	26.82

(a) The calculations are made on the assumption that all the Company's dilutive instruments existing as of April 30, 2009 are exercised, not taking into account the exercise of stock options since January 1, 2009.

3.3 Theoretical impact on the stock market value of the Air Liquide share

The theoretical impact of the issue of 999,229 shares at the issue price on the stock market value of each share can be calculated as follows:

Theoretical price of the share prior to the transaction = average of the last 20 opening trading prices for the Air Liquide share preceding the decision of the Chairman and Chief Executive Officer to set the dates of the subscription period (calculated as the average of the opening trading prices for the share between March 2, 2009 and March 27, 2009). This theoretical share price amounts to €60.84.

Price of the share after the transaction = ((average of the last 20 opening trading prices of the share prior to the transaction x number of shares prior to the transaction) + (issue price x number of new shares)) / (number of shares prior to the transaction + number of new shares).

The average issue price for the reserved capital increase is €48.99.

On the basis of these assumptions, the theoretical stock market value of the share after the transaction would amount to €60.79 (for a theoretical value of the price of the share prior to the transaction of €60.84).

It is specified that this theoretical approach is given for information purposes only and does not in any way prejudge the future change in the share price.

Paris, May 7, 2009

The Board of Directors

Management and Control

BOARD OF DIRECTORS

Benoît Potier Chairman and Chief Executive Officer Expiration date of term: 2010 [a]	**Béatrice Majnoni d'Intignano** Director Expiration date of term: 2010 [a]
Thierry Desmarest Director Expiration date of term: 2013	**Thierry Peugeot** Director Expiration date of term: 2013
Alain Joly Director Expiration date of term: 2013	**Paul Skinner** Director Expiration date of term: 2010 [a]
Professor Rolf Krebs Director Expiration date of term: 2012	**Jean-Claude Buono** Director Expiration date of term: 2012
Gérard de La Martinière Director Expiration date of term: 2011	**Karen Katen** Director Expiration date of term: 2012
Cornelis van Lede Director Expiration date of term: 2011	

(a) Renewal of term proposed to the Annual General Meeting of May 5, 2010.

Appointment proposed to the Annual General Meeting of May 5, 2010

Jean-Paul Agon, Director

Central Works Council delegates

Philippe Bastien

Jean-Luc Cron (who replaced Marie-Annick Masfrand in 2010)

Christian Granday

Marie-Pascale Wyckaert (who replaced Gilles Boudin in 2010)

Executive Management and Executive Committee

The composition and responsibilities within the Air Liquide management team has been modified since January 1, 2010, Klaus Schmieder, Senior Executive Vice-President of Air Liquide, having decided to retire effective end of 2009.

Benoît Potier Chairman and Chief Executive Officer Born in 1957 – French	**Ron LaBarre** Group Vice-President, Large Industries World Business Line Born in 1950 – American
Pierre Dufour Senior Executive Vice-President Born in 1955 – Canadian	**Guy Salzgeber** Vice-President, Northern and Central Europe Born in 1958 – French
Jean-Pierre Duprieu Senior Vice-President Born in 1952 – French	**Augustin de Roubin** Vice-President, Southern and Eastern Europe (including France) Also supervising Welding and Diving activities Born in 1953 – French
François Darchis Senior Vice-President Engineering and Construction, Research and Technology Also supervising the Industrial Merchant, Electronics and Healthcare World Business Lines Born in 1956 – French	**Michael J. Graff** Vice-President, Americas Also supervising Safety and Industrial Systems Born in 1955 – American
Jean-Marc de Royere Senior Vice-President Asia-Pacific Born in 1965 – French	**Mok Kwong Weng** Vice-President, North-East Asia Born in 1953 – Singaporean
Fabienne Lecorvaisier Group Vice-President, Finance and Operations Control Born in 1962 – French	

Information concerning members of the Board of Directors and Executive Management

(Information as of December 31, 2009) [(a)]

Benoît Potier

Chairman and Chief Executive Officer

Born in 1957

Date of first appointment: 2000

Start of current term: 2006

End of current term: 2010 [(b)]

Number of shares owned as of December 31, 2009: 40,250

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Career

A graduate of *École Centrale de Paris,* Benoît Potier joined Air Liquide in 1981 as a Research and Development engineer. After serving as a Project Manager in the Engineering and Construction division, he was made Vice-President of Energy Development in the Large Industries business line. In 1993, he became Director of Strategy & Organization and, in 1994, was put in charge of the Chemicals, Iron & Steel, Oil and Energy Markets. He was made an Executive Vice-President of Air Liquide in 1995 with additional responsibilities over the Engineering & Construction division and the Large Industries operations in Europe.

Benoît Potier was appointed Chief Executive Officer in 1997. He was appointed to the Board of Directors in 2000 and became Chairman of the Management Board in November, 2001.

In 2006, he was appointed Chairman and Chief Executive Officer of L'Air Liquide S.A.

Positions and activities held during 2009

Functions within the Air Liquide Group

Chairman and Chief Executive Officer: L'Air Liquide S.A., Air Liquide International, American Air Liquide Inc. (AAL) (until September 2009), Air Liquide International Corporation (ALIC)

Chairman: American Air Liquide Holdings, Inc. (until September 2009)

Director: American Air Liquide Holdings, Inc.

Chairman of the Air Liquide Foundation

Positions or activities outside the Air Liquide Group

Director and Chairman of the Audit Committee: Danone

Member of the Supervisory Board and member of the Audit Committee: Michelin

Director: *École Centrale, Association Nationale des Sociétés par Actions* (ANSA), *Cercle de l'Industrie*

Member of the French Board: INSEAD

Member of the Board: *Association Française des Entreprises Privées* (AFEP)

Positions and activities held during the last five years and that have expired

2007

Director: Air Liquide Italia Srl. (until April), AL Air Liquide España S.A. (until May)

2006

Chairman of the Management Board: L'Air Liquide S.A. (until May)

Director: SOAEO (until March)

2005

Director: Air Liquide Asia Pte. Ltd., Air Liquide Canada Inc., Air Liquide America Holdings Inc. (AHI)

(a) Pursuant to Article L. 225-102-1, paragraph 4 of the French Commercial Code and Annex I of EC Regulation no. 809/2004 of April 29, 2004 (point 14.1).

(b) Renewal of term proposed to the Shareholders' Meeting of May 5, 2010.

Thierry Desmarest

Director

Born in 1945

Date of first appointment: 1999

Start of current term: 2009

End of current term: 2013

Number of shares owned as of December 31, 2009: 5,688

Business address

TOTAL, Tour Coupole, 2 place Jean Millier – 92078 Paris-La-Défense

Career

A graduate of *École Polytechnique* and *École des Mines,* Thierry Desmarest spent four years with the New Caledonia Department of Mines, before serving as a Technical Advisor at the Ministry of Industry in 1975, and then at the Ministry of Economic Affairs in 1978.

He joined Total in 1981 as Managing Director of Total Algeria. He held various executive positions within Total Exploration Production, ultimately becoming its Chief Executive Officer in 1989 and a member of the Group's Executive Committee that same year. He became Chairman and Chief Executive Officer of Total in 1995, of Totalfina in 1999, and then of Elf Aquitaine and TotalFinaElf in 2000.

Thierry Desmarest was Chairman and Chief Executive Officer of Total from 2003 to February 2007, when he became Chairman of the Total S.A. Board of Directors.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A. (Chairman since May 2009 of the Appointments Committee and member of the Remuneration Committee)

Positions or activities outside the Air Liquide Group

Chairman of the Board of Directors: Total S.A. (Chairman of the Appointments and Governance Committee)

Chairman: Total Foundation

Director: Sanofi-Aventis (member of the Remuneration Committee, member of the Appointments and Governance Committee), Renault S.A. (member of the Remuneration Committee), Renault S.A.S. and Bombardier Inc. (since January 21, 2009)

Member of the Supervisory Board: Areva (until March 4, 2010)

Director: *Association Française des Entreprises Privées* (AFEP), *École Polytechnique, Musée du Louvre*

Chairman: École Polytechnique Foundation

Positions and activities held during the last five years and that have expired

2007

Chairman and Chief Executive Officer: Total S.A. (until February), Elf Aquitaine (until May)

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May)

Alain Joly

Director

Born in 1938

Date of first appointment: 1982

Start of current term: 2009

End of current term: 2013

Number of shares owned as of December 31, 2009: 126,068

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Career

A former graduate of *École Polytechnique,* Alain Joly joined Air Liquide's Engineering division in 1962. From 1967 to 1973, he held various responsibilities at Air Liquide Canada and then in the Americas division. From 1973 to 1985, he served successively as Vice-President of Corporate Strategy and Management, Regional Manager of the French Gases division, Company Secretary and Secretary of the Board of Directors.

He became Director of Air Liquide in 1982, then Chief Executive Officer in 1985 and Chairman and Chief Executive Officer in 1995. Alain Joly was Chairman of the Supervisory Board of L'Air Liquide from November 2001 until May 10, 2006, and has been a Director of L'Air Liquide since this date.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee)

Positisions or activities outside the Air Liquide Group

Director: BNP Paribas (until May 13, 2009)

Positions and activities held during the last five years and that have expired

2008

Director: Lafarge (until May)

2006

Chairman of the Supervisory Board: L'Air Liquide S.A. (until May)

Director: SOAEO (until January)

Professor Rolf Krebs

Director

Born in 1940

Date of first appointment: 2004

Start of current term: 2008

End of current term: 2012

Number of shares owned as of December 31, 2009: 1,343

Address

Am Molkenborn 6 - 55122 - Mainz – Germany

Career

Rolf Krebs studied medicine and obtained a PhD from the University of Mainz. After having lectured there for several years, he joined Bayer AG in 1976 where he held various positions including Head of Pharmaceutical Research and Development, from 1984 to 1986, then Executive Vice-President of Bayer Italia from 1986 to 1989.

He joined Boehringer Ingelheim in 1989 as a member of the Management Board, and, from 2001 until the end of 2003, he was Chairman of the Management Board.

Rolf Krebs served as President of the European Federation of Pharmaceutical Industries from 1996 to 1998, then as President of the International Federation of Pharmaceutical Industries from 2000 to 2001.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee)

Positions or activities outside the Air Liquide Group

Chairman of the Supervisory Board: Epigenomics AG, Merz Pharmaceuticals GmbH & Co KGaA,

Chairman: Ganymed Pharmaceuticals AG, E. Merck GmbH & KGaA, Senator GmbH & Co KGaA

Member of the "Partners Board": E. Merck OHG

Positions and activities held during the last five years and that have expired

2007

Member of the Advisory Board: Apax Partners, Kaneas Capital GmbH, Lehman Brothers Limited

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May)

Member of the Supervisory Board: GEA Group AG (until January), Vita 34 AG (until March)

Member of the Advisory Board: Deutsche Venture Capital, Weissheimer Malz GmbH

2005

Member of the Advisory Board: Almirall Podesfarma S.A.

Gérard de La Martinière

Director

Born in 1943

Date of first appointment: 2003

Start of current term: 2007

End of current term: 2011

Number of shares owned as of December 31, 2009: 3,318

Career

A graduate of École Polytechnique and of École Nationale d'Administration, Gérard de La Martinière held several positions with the French Ministry of Finance from 1969 to 1984. He was then General Secretary of the COB (formerly the French securities and exchange regulatory body) from 1984 to 1986, Chairman of the Paris Derivates Clearing House from 1986 to 1988, and Chief Executive Officer of the Paris Stock Exchange (SBF) from 1988 to 1989.

Gérard de La Martinière joined the Axa Group in 1989 as Chairman and Chief Executive Officer of the Meeschaert-Rouselle brokerage unit. In 1991, he was named Executive Vice-President in charge of the Group's investments and financial services operations. In 1993, he took responsibility for the Group's Holding Companies and Corporate Affairs. He was a member of the Management Board between 1997 and 2003, and Vice-President of Finance, Audit and Strategy between 2000 and 2003.

Gérard de La Martinière was Chairman of the French Federation of Insurance Companies, the Fédération Française des Sociétés d'Assurances, from May 2003 to September 2008 and of the Comité Européen des Assurances (CEA) from 2004 to 2008. He was Vice-Chairman of the Comité Européen des Assurances (CEA), the European insurance and reinsurance federation, until November 2009.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A. (Chairman of the Audit and Accounts Committee)

Positions or activities outside the Air Liquide Group

Vice-Chairman: Comité Européen des Assurances (CEA) (until November 2009)

Member of the Supervisory Board and Chairman of the Audit Committee: Schneider Electric S.A.

Director: Banque d'Orsay, Allo-Finances (since January 2010)

Member of the Supervisory Board: EFRAG

Positions and activities held during the last five years and that have expired

2008

Chairman: *Fédération Française des Sociétés d'Assurances* (FFSA) (until September); *Association Française de l'Assurance* (AFA) (until September)

2007

Chairman: *Comité Européen des Assurances* (CEA)

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May)

2005

Chairman of the Board of Directors: LCH. Clearnet Group Limited UK

Director: Schneider Electric S.A.

Cornelis van Lede

Director

Born in 1942

Date of first appointment: 2003

Start of current term: 2007

End of current term: 2011

Number of shares owned as of December 31, 2009: 1,354

Business address

Jollenpad 10A - 1081 KC Amsterdam – The Netherlands

Career

With a law degree from the University of Leiden and an MBA from INSEAD, Cornelis van Lede successively worked for Shell from 1967 to 1969 and McKinsey from 1969 to 1976 before joining Koninklijke Nederhorst Bouw B.V. as Chairman and Chief Executive Officer from 1977 to 1982. He was then member of the Management Committee of Hollandse Beton Groep from 1982 to 1984.

From 1984 to 1991, he was Chairman of the Federation of Netherlands Industries then Vice-President of the Union of Industrial and Employer's Confederations of Europe (UNICE) from 1991 to 1994.

In 1991, Cornelis van Lede joined Akzo N.V. as a member of the Management Board. Then, he became Vice-Chairman of the Management Board in 1992 and was Chairman of the Management Board of Akzo Nobel N.V. from 1994 to 2003. He was a member of the Supervisory Board of Akzo Nobel N.V. from 2003 to 2007.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A. (member of the Appointments Committee, Chairman of the Remuneration Committee since May 2009)

Positions or activities outside the Air Liquide Group

Director: Air France-KLM, Sara Lee Corporation

Member of the Supervisory Board: Royal Philips Electronics N.V.

Chairman of the Supervisory Board: Heineken N.V.

Member of the Board of Directors: INSEAD

Positions and activities held during the last five years and that have expired

2007

Director: Reed Elsevier (until April)

Chairman of the Board of Directors: INSEAD

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May)

Béatrice Majnoni d'Intignano

Director

Born in 1942

Date of first appointment: 2002

Start of current term: 2006

End of current term: 2010 [(a)]

Number of shares owned as of December 31, 2009: 1,558

Career

Having graduated with a high-level teaching degree in economics in 1975, Béatrice Majnoni d'Intignano has been Professeur agrégé (tenured senior university professor) at the Paris-XII Créteil University since 1980 (currency, international relations, macroeconomics, economics of healthcare).

Béatrice Majnoni d'Intignano was *Conseiller Économique à l'Assistance* Publique (business consultant) for Paris Hospitals, from 1980 to 1987, and is a temporary consultant with the World Health Organization from 1980 to 2001.

She is a member of the Editorial Committee of the magazine *Commentaire*. She was also a member of the Economic Analysis Council of the French Prime Minister from 1997 to 2008, and a member of *Société d'Économie Politique* until 2009.

Béatrice Majnoni d'Intignano is the author of a large number of books and articles about economics, employment, Europe, the economics of healthcare and women's role in society.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee)

Positions or activities outside the Air Liquide Group

Tenured Professor at the University of Paris XII – Créteil

Positions and activities held during the last five years and that have expired

2008

Member of the Economic Analysis Council chaired by the French Prime Minister

2007

Director: AGF (member of the Remuneration and Agreements Committee) (until June 30th).

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May)

(a) Renewal of term proposed to the Annual General Meeting of May 5, 2010.

Thierry Peugeot

Director

Born in 1957

Date of first appointment: 2005

Start of current term: 2009

End of current term: 2013

Number of shares owned as of December 31, 2009: 1,221

Business address

Peugeot S.A., 75 avenue de la Grande Armée – 75116 Paris Cedex 16

Career

A graduate of ESSEC, Thierry Peugeot began his career with the Marrel Group in 1982 as Export Manager for the Middle East and English-speaking Africa for Air Marrel, and then Director of Air Marrel America. He joined Automobiles Peugeot in 1988 as Regional Manager of the South-East Asia zone, then Chief Executive Officer of Peugeot do Brasil in 1991 and Chief Executive Officer of Slica in 1997. In 2000, he became International Key Accounts Director of Automobiles Citroën and then, in 2002, Vice-President of Services and Spare Parts before being appointed to the PSA Peugeot Citroën Vice Presidents Committee. Thierry Peugeot is Chairman of the Supervisory Board of Peugeot S.A. since 2002. He is also Member of the Board of Faurecia.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A.

Positions or activities outside the Air Liquide Group

Chairman of the Supervisory Board: Peugeot S.A.

Vice-Chairman: Établissements Peugeot Frères

Director: Société Foncière, Financière et de Participations, La Française de Participations Financières, La Société Anonyme de Participations, Immeubles et Participations de l'Est, Faurecia, Compagnie Industrielle de Delle

Permanent representative of the Compagnie Industrielle de Delle on the LISI Board of Directors

Positions and activities held during the last five years and that have expired

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May)

Paul Skinner

Director

Born in 1944

Date of first appointment: 2006

Start of current term: 2006

End of current term: 2010 [a]

Number of shares owned as of December 31, 2009: 1,210

Business address

P.O. Box 65129 – London SW1P 9LY

Career

Paul Skinner has a law degree from the University of Cambridge and is a graduate of the Manchester Business School. He started his career in 1966 with the Royal Dutch/Shell group. After having been responsible for managing several subsidiaries in Greece, Nigeria, New Zealand and Norway, Paul Skinner was President of the Shell International Trading and Shipping Company from 1991 to 1995. He was later appointed Chief Executive Officer of Royal Dutch/Shell's global Oil Products business and then Group Managing Director of the Royal Dutch/Shell group from 2000 to 2003.

After his retirement from Shell, he was Chairman of Rio Tinto plc, the global mining company, over the period 2003-2009. He is currently Chairman of Infrastructure UK, a division of HM Treasury, and a Non-Executive Director of Standard Chartered plc and Tetra Laval Group.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee)

Positions or activities outside the Air Liquide Group

Chairman: Rio Tinto plc (until April 2009), Rio Tinto Ltd. (until April 2009)

Non-Executive Director: Standard Chartered plc, Tetra Laval Group

Member of the Board of Directors: INSEAD

Member of the Board: UK Ministry of Defence (until July 30, 2009)

Chairman: Infrastructure UK (a division of HM Treasury) (from December 9, 2009)

Positions and activities held during the last five years and that have expired

None

Jean-Claude Buono

Director

Born in 1943

Date of first appointment: 2008

Start of current term: 2008

End of current term: 2012

Number of shares owned as of December 31, 2009: 71,191

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

(a) Renewal of term proposed to the Shareholders' Meeting of May 5, 2010.

Career

An Economic Sciences graduate from ESCP and with a degree from the Centre de Perfectionnement aux Affaires, Jean-Claude Buono began his career in the Bull Group, where he was in charge of the Finance Department.

After 20 years with the Bull Group, Jean-Claude Buono joined Air Liquide in 1989, as Finance and Administration Director. He was appointed General Secretary and Secretary to the Board of Directors in 1997, Vice-President in 1999 and Executive Vice-President in July 2000. On November 2001, he was appointed Member of the Management Board, and then Senior Executive Vice-President in May 2006. During this time and until the end of his term of office on November 8, 2007, Jean-Claude Buono was responsible for the Group's major operations in Europe and Asia in addition to the Financial and Legal Departments.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A., Air Liquide Welding (ALW), Aqua Lung International, American Air Liquide Inc. (until September 1, 2009);

Vice-Chairman and Director: Air Liquide International Corporation

Director, Senior Executive Vice-President: Air Liquide International

Positions or activities outside the Air Liquide Group

Director: Velecta Paramount, SNPE

Positions and activities held during the last five years and that have expired

2008

Director: Air Liquide Santé International (until June), Air Liquide Far Eastern Ltd. (until August)

Chairman and Chief Executive Officer: Air Liquide Welding (ALW) (until March)

2007

Senior Executive Vice-President: L'Air Liquide S.A. (until November)

Director: Air Liquide Tunisia (until December)

2006

Member of the Management Board: L'Air Liquide S.A. (until May)

Chairman of the Board of Directors: SOAEO (until March)

Vice-Chairman: Carba Holding (until September)

2005

Chairman and Chief Executive Officer: Air Liquide Asia Pte. Ltd.

Director: Air Liquide Italia Srl. (until March), AL Air Liquide España (until June)

Karen Katen

Director

Born in 1949

Date of first appointment: 2008

Start of current term: 2008

End of current term: 2012

Number of shares owned as of December 31, 2009: 1,500

Business address

Essex Woodlands Health Ventures - 717 Fifth Avenue, 14th Floor, Suite B - New York, NY 10022 – USA

Career

Karen Katen, a US citizen, is a graduate of the University of Chicago (BA and MBA). In 1974, she joined Pfizer and carried out various executive positions during more than 30 years. In her last position with Pfizer, she was appointed Vice-Chairman of Pfizer Inc. and President of Pfizer Human Health, the group's main operating department. Karen Katen played a major role in the introduction of new medication for the treatment of cardiovascular and mental diseases as well as diabetes and cancer. She also successfully oversaw the integration of Warner Lambert (acquired in 2000) and Pharmacia (acquired in 2003) in the Pfizer Group. Having retired from Pfizer in March 2007, she was recently Chairman of the Pfizer Foundation.

Positions and activities held during 2009

Functions within the Air Liquide Group

Director: L'Air Liquide S.A.

Positions or activities outside the Air Liquide Group

Director: General Motors Corporation (until July 2009), Harris Corporation, Home Depot, Catalyst, Armgo Pharmaceuticals

Director: the Rand Corporation's Health Board of Advisors, Economic Club of New-York Board of Trustee

Senior Advisor: Essex Woodlands Health Ventures

Council Chair, Corporate Advisory Council: The National Alliance for Hispanic Health

Trustee: University of Chicago

Council Member: University of Chicago Graduate School of Business

Positions and activities held during the last five years and that have expired

2008

Chairman: Pfizer Foundation

2006

Vice-Chairman: Pfizer Inc.

President: Pfizer Human Health

Treasurer – The Pharmaceutical Research and Manufacturers of America

Klaus Schmieder

Senior Executive Vice-President

Born in 1948

Number of shares owned as of December 31, 2009: 8,128

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Career

With a degree in Law and Economic Sciences, Klaus Schmieder joined the Hoechst Group in 1977, and became member of the Hoechst AG Executive Committee in 1996. In 2000, he was appointed Chairman of the Management Board of Messer Griesheim GmbH.

In May 2004, he joined Air Liquide and was appointed member of the Management Board and then Senior Executive Vice- President in May 2006, during which time he was notably in charge of Finance and Administration, Legal, European operations, the Industrial Merchant, Healthcare and Specialties World Business Lines and Welding-Diving activities, until his retirement on December 31, 2009.

Positions and activities held during 2009

Functions within the Air Liquide Group

Senior Executive Vice-President: L'Air Liquide S.A. (until December 2009)

Director: Air Liquide Santé International (until December 2009), Carba Holding (until March 2009), Air Liquide International (until January 2010), Air Liquide Japan

Chairman and Chief Executive Officer and Director: Air Liquide Welding (ALW) (until December 2009)

Board Member: Schülke & Mayr GmbH (until December 2009)

Member of the Supervisory Board: Lurgi GmbH

Positions or activities outside the Air Liquide Group

Member of the Supervisory Board: Altana AG

Positions and activities held during the last five years and that have expired

2008

Director: Air Liquide Deutschland GmbH (until September), Air Liquide Italia Srl. (until March), AL Air Liquide Espana (until February),

Chairman and Chief Executive Officer and Director: Air Liquide Finance (from August 4 to October 23),

Manager: Air Liquide Investissements (from July 31 to November 18)

2006

Member of the Management Board: L'Air Liquide S.A. (until May)

2005

Vice-Chairman: Air Liquide GmbH

Director: MNS Nippon Sanso (until January)

Pierre Dufour

Senior Executive Vice-President

Born in 1955

Number of shares owned as of December 31, 2009: 39,906

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Career

A graduate of *École Polytechnique,* Montréal University, of Stanford University (California) and of Harvard University (Massachusetts), Pierre Dufour began his career in 1976 at SNC-LAVALIN, a leading engineering contractor in Montreal, Canada. From 1991 to 1997, he was Chief Executive Officer of SNC-LAVALIN Inc.

In 1997, he joined the Air Liquide Group as Vice-President of Worldwide Engineering. In 1998, he was appointed Group Industrial Director, overseeing the technical aspects of Group operations worldwide. In 2000, he was appointed Chairman and Chief Executive Officer of American Air Liquide Holdings Inc., in Houston, Texas and joined the Air Liquide S.A. Executive Committee. He became Vice-President of L'Air Liquide S.A. in 2001, Executive Vice-President in 2002 and was appointed Senior Executive Vice-President in November 2007. He is currently responsible for North and South America, Africa, the Middle East and Asia and also the World Business Lines Large Industries, Engineering, Research and Safety.

Positions and activities held during 2009

Functions within the Air Liquide Group

Senior Executive Vice-President: L'Air Liquide S.A.

Chairman of the Board of Directors and Director: Air Liquide Middle East

Chairman and Chief Executive Officer: American Air Liquide Holdings, Inc. (until September 2009)

Director: American Air Liquide Holdings, Inc., Air Liquide International (since January 27, 2010)

Chairman: Air Liquide Project Execution Group LLC

Chairman and Director: American Air Liquide, Inc.

Positions and activities held during the last five years and that have expired

2008

Chairman and Director: Air Liquide Canada, Inc. (until January)

Director: VitalAire Canada, Inc. (until January)

2007

Chairman and Chief Executive Officer: Air Liquide USA LLC (until November), Air Liquide USA LP LLC (until November), ALA LP LLC (until November)

Chairman and Chief Executive Officer: Air Liquide Electronics LP LLC (until November), Air Liquide LI LP LLC (until November), Air Liquide IC LP LLC (until November), AL America Holdings, Inc. (until November)

Director: Air Liquide Process & Construction, Inc. (until September), Air Liquide Healthcare America Corporation (until July),

Chairman: Air Liquide USA GP LLC (until November), Air Liquide USA LP (until November)

2006

Chairman: Air Liquide Advanced Technologies U.S. LLC (until January)

2005

Chairman and Chief Executive Officer: ALA GP LLC (until January)

Vice-Chairman: LACONA Holdings, Inc. (until January)

NEW CANDIDATE PROPOSED TO THE SHAREHOLDERS' MEETING OF MAY 5, 2010

Jean-Paul Agon

Born in 1956, a graduate of HEC Business School, Jean-Paul Agon began his career with the L'Oréal Group in 1978. From 1981 to 1997, he held various senior management positions first as General Manager of L'Oréal Greece and General Manager of L'Oréal Paris, then International Managing Director for Biotherm International, Managing Director for L'Oréal Germany and finally Managing Director for L'Oréal Asia Zone. From 2001 to 2005, he was Chairman and Chief Executive Officer of L'Oréal USA as well as several subsidiaries of the L'Oréal Group in the USA. In 2005, he was appointed Deputy Chief Executive Officer of L'Oréal, and became Director and Chief Executive Officer.

Positions and activities held during 2009

Positions or activities outside the Air Liquide Group

Director and Chief Executive Officer: L'Oréal

Director: L'Oréal USA Inc. (United States)

Director: Galderma Pharma S.A. (Switzerland) – L'Oréal Group

Vice-Chairman and Director: The Body Shop International plc (United Kingdom) - L'Oréal Group

Director: Fondation d'Entreprise L'Oréal

Positions and activities held during the last five years [(a)] and that have expired

2008

Chairman of the Board of Directors: Galderma Pharma S.A. (Switzerland) (until May)

2006

Deputy Chief Executive Officer: L'Oréal S.A. (until April)

2005

Director and Chairman of the Board of Directors of L'Oréal Canada (until June)

Chairman and Chief Executive Officer of L'Oréal USA Inc. (United States) (until June)

(a) During the last five years, Jean-Paul Agon also carried our various other positions and activities in subsidiaries of the L'Oréal USA Group of which he was Chairman and Chief Executive Officer until June 2005.

Statutory auditors' offices and remuneration

STATUTORY AUDITORS' OFFICES

Ernst & Young Audit

Principal Statutory Auditor

The Ernst & Young Audit firm is represented by Olivier Breillot

Tour Ernst & Young – 92037 Paris La Defense Cedex

Deputy Statutory Auditor

Valerie Quint with Ernst & Young Audit

Tour Ernst & Young – 92037 Paris La Defense Cedex

Mazars

Principal Statutory Auditor

The Mazars firm is represented by Frédéric Allilaire

61, rue Henri Regnault – 92400 Courbevoie

Deputy Statutory Auditor

Patrick de Cambourg with Mazars

61, rue Henri Regnault – 92400 Courbevoie

All Statutory Auditors, principal and deputy, were appointed May 12, 2004. The shareholders are asked to renew their term of office during the Combined Shareholders Meeting.

In thousands of euros	2009 Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5 022	74,2%	3 580	92,6%	578	34,9%	9 180	74,7%
Issuer	553		493		0		1 046	
Fully consolidated audit subsidiaries	4 469		3 087		578		8 134	
Other statutory audit engagements	724	10,7%	285	7,4%	3	0,2%	1 012	8,2%
Issuer	81		86		0		167	
Fully consolidated audit subsidiaries	643		199		3		845	
Total of audit services	**5 746**	**84,9%**	**3 865**	**100,0%**	**581**	**35,1%**	**10 192**	**82,9%**
Legal, employee and tax services	1 019	15,1%	0	0,0%	639	38,5%	1 658	13,5%
Other services	0	0,0%	0	0,0%	438	26,4%	438	3,6%
Total other services rendered by the network to the fully consolidated subsidiaries	**1 019**	**15,1%**	**0**	**0,0%**	**1 077**	**64,9%**	**2 096**	**17,1%**
TOTAL OF AUDITORS' REMUNERATION	**6 765**	**100,0%**	**3 865**	**100,0%**	**1 658**	**100,0%**	**12 288**	**100,0%**

In thousands of euros	2008 Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5 291	80,8%	3 480	90,6%	608	46,4%	9 379	80,2%
Issuer	465		555		0		1 020	
Fully consolidated audit subsidiaries	4 826		2 925		608		8 359	
Other statutory audit engagements	355	5,4%	359	9,4%	9	0,7%	723	6,2%
Issuer	111		94		0		205	
Fully consolidated audit subsidiaries	244		265		9		518	
Total of audit services	**5 646**	**86,2%**	**3 839**	**100,0%**	**617**	**47,1%**	**10 102**	**86,3%**
Legal, employee and tax services	896	13,7%	0	0,0%	549	41,9%	1 445	12,4%
Other services	7	0,1%	0	0,0%	145	11,0%	152	1,3%
Total other services rendered by the network to the fully consolidated subsidiaries	**903**	**13,8%**	**0**	**0,0%**	**694**	**52,9%**	**1 597**	**13,7%**
TOTAL OF AUDITORS' REMUNERATION	**6 549**	**100,0%**	**3 839**	**100,0%**	**1 311**	**100,0%**	**11 699**	**100,0%**

Financial statements

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended December 31

In millions of euros	*Notes*	2008	2009
Revenue	(5)	**13,103.1**	**11,976.1**
Other income	(6)	159.9	182.5
Purchase	(6)	(5,547.1)	(4,563.3)
Personnel expenses	(6)	(2,176.8)	(2,236.5)
Other expenses	(6)	(2,597.3)	(2,389.8)
Operating income recurring before depreciation and amortization		**2,941.8**	**2,969.0**
Depreciation and amortization expense	(6)	(992.8)	(1,020.0)
Operating income recurring		**1,949.0**	**1,949.0**
Other non-recurring operating income	(7)	8.2	75.7
Other non-recurring operating expenses	(7)	(38.4)	(65.6)
Operating income		**1,918.8**	**1,959.1**
Net finance costs	(8)	(214.4)	(221.7)
Other financial income	(8)	66.9	80.1
Other financial expenses	(8)	(122.8)	(133.0)
Income taxes	(9)	(401.5)	(419.1)
Share of profit of associates	(17)	24.8	19.8
Profit for the period		**1,271.8**	**1,285.2**
Minority interests	(10)	51.8	55.2
Net profit (Group share)		**1,220.0**	**1,230.0**
Basic earnings per share *(in euros)*	(11)	**4.70**	**4.70**
Diluted earnings per share *(in euros)*	(11)	**4.67**	**4.70**

Accounting principles and notes to the consolidated financial statements begin on page 140.

STATEMENT OF NET INCOME AND GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY

For the year ended December 31

In millions of euros	2008	2009
Profit for the period	**1,271.8**	**1,285.2**
Items recognized in equity		
Fair value variation of financial instruments	(27.5)	(2.1)
Change in foreign currency translation reserve	(1.4)	35.0
Actuarial gains (losses)	(143.0)	(32.9)
Items recognized in equity, net of taxes	**(171.9)**	
Net income and gains and losses recognized directly in equity	**1,099.9**	**1,285.2**
Attributable to minority interests	53.3	55.6
Attributable to equity holders of the parent	**1,046.6**	**1,229.6**

CONSOLIDATED BALANCE SHEET

For the year ended December 31

Assets

In millions of euros	*Notes*	December 31, 2007 [a]	December 31, 2008 [a]	December 31, 2009
Non-current assets				
Goodwill	(13)	3,642.7	3,956.2	4,002.9
Other intangible assets	(14)	706.0	716.0	676.0
Property, plant and equipment	(15)	8,392.2	9,520.1	9,920.8
		12,740.9	**14,192.3**	**14,599.7**
Other non-current assets				
Non-current financial assets	(16)	220.6	216.4	276.9
Investments in associates	(17)	140.3	142.8	166.5
Deferred tax assets	(18)	365.7	367.1	350.1
Fair value of non-current derivatives (assets)	(29)			146.6
		726.6	**726.3**	**940.1**
TOTAL NON-CURRENT ASSETS		13,467.5	14,918.6	15,539.8
Current assets				
Inventories and work-in-progress	(19)	795.9	818.3	709.7
Trade receivables	(20)	2,738.3	2,871.3	2,406.5
Other current assets	(21)	465.0	462.3	470.6
Current tax assets		36.7	54.7	54.4
Fair value of current derivatives (assets)	(29)	69.5	230.7	59.3
Cash and cash equivalents	(22)	726.9	1,262.9	1,385.3
TOTAL CURRENT ASSETS		4,832.3	5,700.2	5,085.8
TOTAL ASSETS		**18,299.8**	**20,618.8**	**20,625.6**

Equity and liabilities

In millions of euros	*Notes*	December 31, 2007 [a]	December 31, 2008 [a]	December 31, 2009
Shareholder's equity				
Share capital		1,313.6	1,435.1	1,453.4
Additional paid-in capital		5.9	18.4	171.8
Retained earnings		4,141.9	4,194.7	4,832.4
Treasury shares		(215.0)	(110.8)	(103.9)
Net profit (Group share)		1,123.1	1,220.0	1,230.0
		6,369.5	**6,757.4**	**7,583.7**
Minority interests		**150.1**	**144.3**	**168.2**
TOTAL EQUITY [b]	(23)	6,519.6	6,901.7	7,751.9
Non-current liabilities				
Provisions, pensions and other employee benefits	(24, 25)	1,652.8	1,785.6	1,778.1
Deferred tax liabilities	(18)	1,067.7	968.9	999.4
Non-current borrowings	(26)	4,992.7	6,205.2	5,528.9
Other non-current liabilities	(27)	163.0	193.4	201.4
Fair value of non-current derivatives (liabilities)	(29)			79.4
TOTAL NON-CURRENT LIABILITIES		7,876.2	9,153.1	8,587.2
Current liabilities				
Provisions, pensions and other employee benefits	(24, 25)	168.9	244.8	222.4
Trade payables	(28)	1,680.7	1,885.8	1,609.0
Other current liabilities	(27)	1,436.8	1,514.8	1,443.7
Current tax payables		187.4	153.3	144.4
Current borrowings	(26)	371.5	611.4	826.4
Fair value of current derivatives (liabilities)	(29)	58.7	153.9	40.6
TOTAL CURRENT LIABILITIES		3,904.0	4,564.0	4,286.5
TOTAL EQUITY AND LIABILITIES		**18,299.8**	**20,618.8**	**20,625.6**

(a) Corresponds to the amounts as of December 31 restated for the impacts of the application of the option offered by revised IAS19 "Employee Benefits", to immediately recognize all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred tax, in addition to the first-time adoption of IFRIC14. See Note 2.

(b) A breakdown of changes in equity and minority interests is presented on pages 138 and 139.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

In millions of euros	2008	2009
Operating activities		
Net profit (Group share)	**1,220.0**	**1,230.0**
Minority interests	**51.8**	**55.2**
Adjustments:		
■ Depreciation and amortization	992.8	1,020.0
■ Changes in deferred taxes	3.8	69.2
■ Increase (decrease) in provisions	(36.6)	25.0
■ Share of profit of associates (less dividends received)	(10.7)	(3.5)
■ Profit/loss on disposal of assets	(14.4)	(30.1)
■ Equalization charge receivable		(91.3)
Cash flow from operating activities before changes in working capital	**2,206.7**	**2,274.5**
Changes in working capital	127.9	165.5
Other	(41.7)	11.8
Net cash flows from operating activities	**2,292.9**	**2,451.8**
Investing activities		
Purchase of property, plant and equipment and intangible assets	(1,908.3)	(1,411.0)
Acquisition of subsidiaries and financial assets	(242.3)	(109.2)
Proceeds from sale of property, plant and equipment and intangible assets	50.5	78.5
Proceeds from sale of financial assets	7.5	1.9
Net cash flows used in investing activities	**(2,092.6)**	**(1,439.8)**
Financing activities		
Dividends paid		
■ L'Air Liquide S.A.	(550.8)	(601.9)
■ Minority interests	(39.0)	(28.8)
Proceeds from issues of share capital	44.5	175.1
Purchase of treasury shares	(168.2)	(1.1)
Increase (decrease) in borrowings	1,042.0	(416.6)
Net flows cash from (used in) financing activities	**328.5**	**(873.3)**
Effect of exchange rate changes and change in scope of consolidation	(41.2)	45.7
Increase (decrease) in net cash and cash equivalents	**487.6**	**184.4**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**653.9**	**1,141.5**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,141.5**	**1,325.9**

The analysis of net cash and cash equivalents at the end of the period is as follows:

In millions of euros	2008	2009
Cash and cash equivalents	1,262.9	1,385.3
Bank overdrafts (included in current borrowings)	(121.4)	(59.4)
Net cash and cash equivalents	**1,141.5**	**1,325.9**

Net indebtedness calculation

In millions of euros	2008	2009
Non-current borrowings (long-term debt)	(6,205.2)	(5,528.9)
Current borrowings (short-term debt)	(611.4)	(826.4)
TOTAL GROSS INDEBTEDNESS	**(6,816.6)**	**(6,355.3)**
Cash and cash equivalents	**1,262.9**	**1,385.3**
Derivative instruments (assets) - fair value hedge of borrowings	116.2	79.2
Derivative instruments (liabilities) - fair value hedge of borrowings	(46.9)	
TOTAL NET INDEBTEDNESS AT END OF THE PERIOD	**(5,484.4)**	**(4,890.8)**

Statement of changes in net indebtedness

In millions of euros	2008	2009
Net indebtedness at beginning of the period	**(4,660.2)**	**(5,484.4)**
Net cash flows from operating activities	2,292.9	2,451.8
Net cash flows used in investing activities	(2,092.6)	(1,439.8)
Net cash flows used in financing activities excluding increase (decrease) in borrowings	(713.5)	(456.7)
Total net cash flow	**(513.2)**	**555.3**
Effect of exchange rate changes, change in scope of consolidation and others	(311.0)	38.3
Change in net indebtedness	**(824.2)**	**593.6**
NET INDEBTEDNESS AT END OF THE PERIOD	**(5,484.4)**	**(4,890.8)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31

				Net income recognized directly in equity					
In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Fair value of financial instruments	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2009	**1,435.1**	**18.4**	**6,172.8**	**(16.3)**	**(741.8)**	**(110.8)**	**6,757.4**	**144.3**	**6,901.7**
Profit for the period			**1,230.0**				**1,230.0**	**55.2**	**1,285.2**
Items recognized in equity			(34.4)	(2.1)	36.1		(0.4)	0.4	
Net income and gains and losses recognized directly in equity for the period [e]			**1,195.6**	**(2.1)**	**36.1**		**1,229.6**	**55.6**	**1,285.2**
Increase (decrease) in share capital	18.3	153.4					171.7	3.4	175.1
Distribution			(601.9)				(601.9)	(28.8)	(630.7)
Purchase of treasury shares						(1.1) [c]	(1.1)		(1.1)
Share options and shares issued for employees			19.7				19.7		19.7
Put options granted to minority shareholders								(1.3)	(1.3)
Other			0.3 [d]			8.0 [c]	8.3	(5.0)	3.3
Equity and minority interests as of December 31, 2009	**1,453.4 [a]**	**171.8 [b]**	**6,786.5**	**(18.4)**	**(705.7)**	**(103.9)**	**7,583.7**	**168.2**	**7,751.9**

(a) Share capital as of December 31, 2009 amounted to 264,254,354 shares at a par value of 5.50 euros. During the fiscal year, movements affecting share capital were as follows:
- creation of 2,332,777 shares in cash, each with a par value of 5.50 euros, resulting from the exercise of options;
- creation of 999,229 cash shares resulting from a share capital increase reserved for employees.

(b) The "Additional paid-in capital" heading was increased by the amount of issue premiums relating to these share capital increases in the amount of 153.4 million euros.

(c) The number of treasury shares as of December 31, 2009 totaled 1,319,563 (including 1,087,463 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were mainly as follows:
- acquisitions, net of disposals, of 26,231 shares at an average price of 42.02 euros;
- sale of 95,699 shares at an average price of 83.65 euros to the minority shareholders of Société Martiniquaise de l'Air Liquide (SOMAL), in exchange for SOMAL shares.

(d) The changes in reserves mainly correspond to the impacts of:
- cancellation of dividends relating to treasury shares;
- dividends paid following the exercise of options and the share capital increase reserved for employees described above;
- cancellation of gains or losses arising from disposals of treasury shares.

(e) The statement of net income and gains and losses recognized directly in equity is shown on page 134.

In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity: Fair value of financial instruments	Net income recognized directly in equity: Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2008	**1,313.6**	**5.9**	**5,945.3**	**11.2**	**(732.7)**	**(215.0)**	**6,328.3**	**148.1**	**6,476.4**
Adjustment of equity and minority interests as of January 1, 2008 [(a)]			**41.2**				**41.2**	**2.0**	**43.2**
Profit for the period			**1,220.0**				**1,220.0**	**51.8**	**1,271.8**
Items recognized in equity			(136.8)	(27.5)	(9.1)		(173.4)	1.5	(171.9)
Net income and gains and losses recognized directly in equity for the period [(b)]			**1,083.2**	**(27.5)**	**(9.1)**		**1,046.6**	**53.3**	**1,099.9**
Increase (decrease) in share capital	4.3	37.2					41.5	3.0	44.5
Allotment of bonus shares	133.2	(14.3)	(118.9)						
Distribution			(550.8)				(550.8)	(39.0)	(589.8)
Cancellation of treasury shares	(16.0)	(10.4)	(245.9)			272.3			
Purchase of treasury shares						(168.2)	(168.2)		(168.2)
Share options			14.5				14.5		14.5
Put options granted to minority shareholders								(10.0)	(10.0)
Other			4.2			0.1	4.3	(13.1)	(8.8)
Equity and minority interests as of December 31, 2008	**1,435.1**	**18.4**	**6,172.8**	**(16.3)**	**(741.8)**	**(110.8)**	**6,757.4**	**144.3**	**6,901.7**

(a) Corresponds to the amounts as of December 31, 2007 restated for the impacts of the application of the option offered by revised IAS19 "Employee Benefits" to immediately recognize all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred tax, in addition to the first-time adoption of IFRIC14. See Note 2.

(b) The statement of net income and gains and losses recognized directly in equity is presented on page 134.

ACCOUNTING PRINCIPLES

BASIS FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Due to its listing on the Paris Stock Exchange and pursuant to EC Regulation no. 1606/2002 of July 19, 2002, the consolidated financial statements of the Air Liquide Group for the year ended December 31, 2009 have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union as of December 31, 2009, and in accordance with IFRSs without use of the carve-out option, as published by the International Accounting Standards Board (IASB). The IFRS standards and interpretations as adopted by the European Union are available at the following website:

http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission

The Group has not anticipated any new standards, amendments to existing standards or new interpretations published by the IASB but not yet approved or not yet mandatory in the European Union, as of December 31, 2009. Furthermore, the Group has applied retrospectively the option offered by revised IAS19 "Employee Benefits" to immediately recognize all the actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred tax.

The financial statements are presented in millions of euros. They were approved by the Board of Directors on February 12, 2010 and will be submitted for approval to the Annual General Meeting on May 5, 2010.

CHANGE IN ACCOUNTING METHOD

The Group adopted retrospectively the option offered by revised IAS19 "Employee Benefits" to immediately recognize all the actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred tax. They are recognized in consolidated reserves in the period during which they occur. This method provides a more representative view of the fair value of the retirement benefit obligations recognized in the balance sheet and eliminates a significant portion of the volatility in the Group's results due to the amortization of the actuarial gains and losses.

Since the first-time adoption of IFRS (January 1, 2004), the Group has applied the corridor method according to which actuarial gains and losses exceeding the greater of 10% of the obligations or 10% of the opening fair value of the plan assets are recognized in profit or loss over the remaining working life of the beneficiaries.

The impacts of the first-time application of this option on the financial statements are detailed in Note 2.

NEW IFRS AND INTERPRETATIONS

1. STANDARDS, INTERPRETATIONS AND AMENDMENTS WHOSE APPLICATION IS MANDATORY AS OF JANUARY 1, 2009

In accordance with the amendment to IAS1 on presentation of financial statements applicable to periods beginning on or after January 1, 2009, the Group presented, in addition to the consolidated income statement, a statement of net income and gains and losses recognized directly in equity listing the components of the gains and losses recognized directly in equity after related tax impacts. The tax information relating to the components of the gains and losses recognized directly in equity is presented in Note 18. A third balance sheet as at December 31, 2007 was also presented due to the adoption, with retrospective effect, of the option offered by revised IAS19 "Employee Benefits", described in the "Change in accounting method" section.

The impact on the Group's financial statements relating to IFRIC14 "IAS19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" applicable to fiscal periods beginning on or after January 1, 2009, is detailed in Note 2.

The improvements to IFRSs: "A collection of amendments to IFRSs", applicable to fiscal periods beginning on or after January 1, 2009, contain an amendment to IAS1 "Presentation of financial statements" regarding the "current/non-current classification of derivatives." The Group has prospectively reclassified derivative instruments designated for hedge accounting and maturing in over one year.

The Air Liquide Group had opted for the early adoption of IFRS8 "Operating segments" as of December 31, 2008. The Group's operating segments correspond to the internal reporting structure and represent the reporting level used by Group Management to decide the allocation of resources and to assess the operating performance.

Amendment to IAS23 "Borrowing Costs" has no impact on the financial statements insofar as the Group opted to capitalize borrowing costs during the transition to IFRSs.

In accordance with amendment to IFRS7 "Improving disclosures about financial instruments", information on the fair value hierarchy and information on liquidity risk related to liability financial instruments is outlined in Note 29.2.

The following amendments and interpretations have no impact on the Air Liquide Group financial statements:

- amendment to IFRS2 "Vesting Conditions and Cancellations";
- IFRIC13 "Customer Loyalty Programmes";
- amendments to IAS32 and IAS1 "Puttable Financial Instruments and Obligations Arising on Liquidation";
- amendments to IFRS1 and IAS27 "Cost of an Investment in a Subsidiary, Jointly-controlled Entity or Associate";
- amendments to IAS39 and IFRS7: "Reclassification of Financial Instruments - Effective Date and Transition";
- amendments to IFRIC9 and IAS39 "Embedded derivatives".

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE EUROPEAN UNION WHOSE APPLICATION IS OPTIONAL IN 2009

The Group financial statements for the year ended December 31, 2009 do not include any potential impacts from the standards, interpretations and amendments adopted by the European Union as of December 31, 2009, whose adoption is only mandatory as of fiscal years beginning after December 31, 2009.

The following texts that will have an impact on the Group financial statements are:

- revised IFRS3 "Business combinations" and amendment to IAS27 "Consolidated and Separate Financial Statements", published on January 10, 2008.

The following texts that will have no impact on the Group financial statements are:

- amendment to IAS39 "Financial Instruments: Recognition and Measurement – Eligible Hedged Items", published on July 31, 2008;
- revised IFRS1 "First-time adoption of IFRS", published on November 27, 2008;
- IFRIC17 "Distributions of Non-cash Assets to Owners", published on November 27, 2008;
- amendment to IAS32 "Classification of rights issues", published on October 8, 2009;
- IFRIC12 "Service concession arrangements", published on November 30, 2006;
- IFRIC15 "Agreements for the Construction of Real Estate", published on July 3, 2008.

The following texts will not have a material impact on the Group financial statements:

- IFRIC16 "Hedges of a net investment in a foreign operation", published on July 3, 2008;
- IFRIC18 "Transfers of assets from customers", published on January 29, 2009.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET ADOPTED BY THE EUROPEAN UNION

The following texts published by the IASB as of December 31, 2009 and not yet endorsed by the European Union should not have a material impact on the Group financial statements:

- improvements to IFRSs "A collection of Amendments to International Financial Reporting Standards", published on April 16, 2009;
- amendment to IFRS2 "Group cash-settled share-based payment transactions", published on June 18, 2009;
- amendment to IFRS1 "Additional exemptions for first-time adopters", published on July 23, 2009;
- revised IAS24 "Related party disclosures" published November 4, 2009;
- IFRS9 "Financial instruments: Classification and Measurement", published on November 2, 2009;
- amendment to IFRIC14 "Prepayments of a minimum funding requirement", published on November 26, 2009;
- IFRIC19 "Extinguishing financial liabilities with equity instruments", published on November 26, 2009.

USE OF ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires Group or subsidiary Management to make estimates and use certain assumptions which have a significant impact on the carrying amounts of assets and liabilities recorded in the consolidated balance sheet, the notes related to these assets and liabilities, the profit and expense items in the income statement and the commitments relating to the period-end. Balance sheet, income statement and cash flow statement line items could differ should the subsequent actual results differ from the estimates. The most significant estimates and assumptions concern the following:

- the estimated useful life of property, plant and equipment used for calculation of depreciation and amortization: these estimates are described in paragraph 5.E. of the Accounting policies;
- the assumptions used to determine provisions for employee retirement benefit obligations: the actuarial assumptions used (turnover, mortality, retirement age, salary increase, etc.), and the discount rates used to determine the present value of obligations and the expected return on long-term assets, as described in Notes 25.2. and 25.4.;
- the estimates and assumptions concerning asset impairment tests, as described in paragraph 5.F. and in Note 13.2.;
- the methods used to recover deferred tax assets on the balance sheet.

ACCOUNTING POLICIES

The consolidated financial statements were prepared under the historical cost convention, except for available-for-sale investment securities, financial assets and liabilities, which are recorded at fair value through profit or loss, in accordance with IAS32/39. The carrying amount of assets and liabilities hedged against fair value risk is adjusted to take into account the changes in fair value attributable to the hedged risks. In addition, the principles of fairness, going concern, and consistency were applied.

1. CONSOLIDATION METHODS

The consolidation methods used are:

- full consolidation method for subsidiaries;
- proportionate method for joint ventures;
- equity method for associates.

A. Subsidiaries

All the subsidiaries or companies in which the Air Liquide Group exercises control are fully consolidated. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Control is presumed to exist when the Group owns, directly or indirectly, more than 50% of the voting rights. Companies are fully consolidated until the date on which control is transferred outside the Group.

B. Joint ventures

Joint ventures are proportionately consolidated. Joint ventures are entities in which the Group has joint control with one or several partners through a contractual arrangement. Under this consolidation method, assets and liabilities and profits and expenses are shared between the partners in proportion to their percentage of control in the consolidated financial statements. These amounts are recorded on each line of the financial statements as for the consolidated entities.

C. Associates

The equity method applies to associates over which the Air Liquide Group has significant influence (generally when the Group has more than a 20% interest), but no control. Under the equity method, the net assets and net profit of a company are recognized *prorata* to the interest held by the parent in the share capital.

On acquisition of an investment in an associate, the goodwill relating to the associate is included in the carrying amount of the investment.

The financial statements of subsidiaries, joint ventures and associates included in the consolidated financial statements, are prepared as of December 31.

2. ADJUSTMENTS ARISING FROM CONSOLIDATION

A. Inter-company transactions

All inter-company receivables and payables, income and expenses and profits or losses are eliminated.

B. Tax-driven provisions

Movements in the provisions, which have been established in compliance with tax regulations or which are similar to reserves, are eliminated in the determination of consolidated net profit.

C. Deferred taxes

Deferred taxes are recognized for all temporary differences between the carrying amount of assets and liabilities and their tax base, excluding non-deductible goodwill and the other exceptions provided in IAS12. Deferred tax assets are recognized on all deductible temporary differences provided that it is highly probable that the tax benefits will be realized in future years.

Deferred taxes are calculated at the tax rates applicable at year-end and allowed under local regulations. The liability method is applied and any changes to the tax rates are recognized in the income statement, except those related to items directly recognized in equity.

Deferred tax assets and liabilities are offset if the entities have a legally enforceable right to offset and if they relate to income tax levied by the same taxation authority. Deferred taxes are not discounted.

3. TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN SUBSIDIARIES

At the balance sheet date, the financial statements of foreign subsidiaries are translated into euros as follows:

- balance sheet items, at the official year-end exchange rates;
- income statement and cash flow statement items, using the average exchange rate over the period for each currency.

Exchange differences are recognized under a separate item "translation reserves" in gains and losses recognized directly in equity.

Cumulative foreign exchange gains and losses as of January 1, 2004 arising from the translation into euros of the financial statements of foreign subsidiaries located outside the Euro zone have been maintained as a separate component of equity.

Should a foreign company located outside the Euro zone be removed from the scope of consolidation, all cumulated exchange differences are recognized in income statement.

4. REVENUE RECOGNITION

A. Revenue from the sale of goods and services

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, net of sales taxes, rebates and discounts and after eliminating sales within the Group.

Revenue associated with service delivery is recognized in reference to the stage of completion of the transaction when it can be reliably measured.

B. Engineering and Construction contracts

Contract revenue and costs associated with construction contracts are recognized as revenue and expenses respectively, based on the stage of completion of the contracts at the balance sheet date.

The margin realized at the stage of completion is recognized only when it can be reliably measured. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

The stage of completion is assessed by using the ratio of contract costs incurred at the balance sheet date versus total estimated contract costs.

5. NON-CURRENT ASSETS

A. Goodwill and business combinations

Business combinations are accounted for by applying the purchase method. According to this method, the acquiree's identifiable assets, liabilities and contingent liabilities assumed are recognized at their fair value in accordance with IFRS3.

Goodwill represents the excess of the purchase price over the fair value of the share of identifiable assets acquired net of the liabilities and contingent liabilities assumed in a business combination.

Negative goodwill is recognized immediately through profit or loss.

Goodwill is allocated to cash-generating units (CGU) or groups of cash-generating units. Subsequently, goodwill is not amortized but is tested for impairment annually or more frequently if there is any indication of impairment, in accordance with the method described in Note 5.F. If an impairment loss is necessary, it is recognized immediately through profit or loss and cannot be reversed.

Any acquisition of an additional interest in a subsidiary that is already controlled results in the recognition of goodwill equal to the difference between the acquisition price and the carrying amount of the minority interests acquired.

At the time of the transition to IFRS and in accordance with the exemption offered by IFRS1, the Group decided not to apply IFRS3 "Business Combinations" retrospectively for acquisitions that took place prior to January 1, 2004.

In addition, the commitments by Air Liquide to purchase the minority interests in its subsidiaries are recognized as financial liabilities as of January 1, 2005 in accordance with IAS32. Due to the absence of any specific IRFS guidance, the Group recognizes the difference between the carrying amount of the minority interests and the put option price granted to minority shareholders (financial liability) in goodwill, at the initial recognition and for any subsequent adjustments.

B. Research and Development expenditures

Research and Development expenditures include all costs related to the scientific and technical activities, patent work, education and training necessary to ensure the development, manufacturing, start-up, and commercialization of new or improved products or processes.

According to IAS38, development costs shall be capitalized if and only if the Group can meet all of the following criteria:

- the intangible asset is clearly identified and the related costs are itemized and reliably monitored;
- the technical and industrial feasibility of completing the intangible asset;
- there is a clear intention to complete the intangible asset and use or sell it;
- its ability to use or sell the intangible asset arising from the project;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.

Research expenditure is recognized as an expense when incurred.

C. Internally generated intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. These costs are capitalized only if they satisfy the criteria as defined by IAS38 and described above.

Internal and external development costs on management information systems arising from the development phase are capitalized. Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Internally generated intangible assets are amortized over their useful lives.

D. Other intangible assets

Other intangible assets include separately acquired intangible assets such as software, licenses, and intellectual property rights. They also include the technology, brands and customer contracts valued upon the acquisition of companies in accordance with IFRS3 "Business Combinations".

With the exception of brands, intangible assets are amortized using the straight-line method over their useful lives. Information management systems are generally amortized over five and seven years and customer contracts over a maximum period of twenty-five years, considering the probabilities of renewal.

E. Property, plant and equipment

Land, buildings and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

In the event of mandatory dismantling or asset removals, related costs are added to the initial cost of the relevant assets and provisions are recognized to cover these costs.

Interest costs on borrowings to finance the construction of property, plant, and equipment are capitalized during the period of construction when they relate to the financing of industrial projects over a twelve-month construction period, or longer.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for separately and depreciated over their own useful lives.

Repair and maintenance costs are recognized as expenses when incurred. The costs of major inspections and overhauls of cogeneration plants are recognized as a separate component of the asset and are depreciated over the period between two major overhauls.

Depreciation is calculated according to the straight-line method over the estimated useful lives as follows:

- buildings: 20 years;
- cylinders: 10 to 20 years;
- plants: 15 to 20 years;
- pipelines: 15 to 35 years;
- other equipment: 5 to 15 years.

Land is not depreciated.

F. Impairment of assets

In accordance with IAS36, the Group regularly assesses whether there is any indication of asset impairment. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset is greater than its recoverable amount, defined as the higher of the fair value less costs to sell (net fair value) and the value in use.

Impairment tests are performed systematically once a year for goodwill and intangible assets with indefinite useful lives.

Assets that do not generate largely independent cash flows are grouped according to the cash-generating units (CGU) to which they belong. A cash-generating unit is an identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or groups of assets. They are mainly determined on a geographical basis and by reference to the markets in which the Group operates.

In practice, the Group performs impairment tests at various levels pursuant to these principles and in accordance with IAS36:

- dedicated and on-site plants are tested individually;
- pipelines are tested at the network level;
- liquid gas and hydrogen/CO plants are grouped together according to the plants' customer market;
- other assets are allocated to cash-generating units or groups of cash-generating units.

The cash-generating units of the Gas and Services activity are determined on a geographical basis. The Other Activities are managed at the European (Welding) or worldwide (Engineering and Construction) levels.

Goodwill is allocated to cash-generating units or groups of cash-generating units that benefit from business combination synergies and which represent the levels at which goodwill is monitored by the Group.

When performing impairment tests on cash-generating units or groups of cash-generating units comprising goodwill, the Group uses the market multiples approach to determine if the goodwill is subject to impairment. Insofar as the net fair value is not significantly greater than the net carrying amount of the cash-generating unit or group of cash-generating units, the Group confirms the recoverable amount of the cash-generating unit or group of cash-generating units using the estimated cash flow approach (value in use).

For other cash-generating units or groups of cash-generating units, and assets whose value is tested on an individual basis, the Group determines the recoverable amount using the estimated cash flow approach (value in use).

The market multiples used are determined based on the market value of the Air Liquide Group.

The growth rates, taken into account with respect to the cash flow estimates for cash-generating units or groups of cash-generating units, are determined based on the activity and geographical location of the CGU considered.

In assessing value in use for property, plant and equipment, the estimated future cash flows are discounted to their present value. Cash flows are measured over the asset's estimated period of use, taking into account customer contract terms and technical obsolescence.

The discount rate depends on the nature, the location of the asset and the customer market. It is determined according to the minimum level of profitability expected from the investment considering industrial and commercial risks and credit terms.

When the recoverable amount of an asset, a cash-generating unit or a group of cash-generating units is lower than its carrying amount, an impairment loss is recognized immediately through profit and loss. An impairment loss of a cash-generating unit is first allocated to goodwill.

When the recoverable amount exceeds the carrying amount again, the previously recognized impairment loss is reversed to the income statement, with the exception of impairment losses on goodwill, which cannot be reversed.

G. Leases

Finance leases

Leases of property, plant and equipment that transfer virtually all the risks and rewards of ownership to the Group are classified as finance leases. Items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

Leases where the lessor does not transfer substantially all the risks and rewards incidental to ownership are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

IFRIC4 "Determining whether an Arrangement contains a Lease" has no impact on the Group consolidated financial statements. In fact, the risks and rewards arising from the use of assets potentially affected by this interpretation are not transferred to the Group's customers. Consequently, the gas supply contracts related to these assets have not been classified as finance leases.

6. FINANCIAL INSTRUMENTS

A. Non-current financial instruments

Investments in equity securities

According to IAS39, investments in equity instruments are classified as available for sale.

The fair value of investments in listed companies is recognized at their quoted market price at year-end. Investments whose fair value cannot be reliably measured are recognized at cost less any accumulated impairment loss. For this purpose, the recoverable amount is based on the Group's share of net assets, expected future profitability and the business plan of the entity representing the investment.

Changes in fair value are recognized in a separate equity line item until the investment is effectively sold. However, unrealized capital losses are immediately recognized in the income statement when the impairment loss is permanent.

Unrealized gains or losses previously recognized in equity are recorded in profit or loss on sale of the investments.

Loans and other financial assets

Loans and other financial assets are initially recognized at their fair value and subsequently carried at amortized cost. Impairment tests are performed at each closing date. Any impairment loss is recognized immediately through profit and loss.

B. Trade and other receivables

Trade and other receivables are carried at fair value upon initial recognition and then at amortized cost less any impairment loss.

Impairment losses are recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated. Impairment losses are estimated by taking into account historical losses, age and a detailed risk estimate.

C. Cash and cash equivalents

Cash and cash equivalents include cash balances, current bank accounts, and short-term highly liquid investments that are readily convertible into cash and do not present a material risk of a change in value.

D. Current and non-current borrowings

Borrowings include bond debentures and other bank borrowings (including borrowings arising from finance leases and the put options granted to minority shareholders).

At inception, borrowings are recognized at fair value corresponding to the net proceeds collected. At each balance sheet date, except for put options granted to minority shareholders, they are measured at amortized cost using the effective interest rate (EIR) method. Under this method, the borrowing cost includes the redemption premiums and issuance costs initially deducted from the nominal amount of the borrowing in liabilities.

Borrowings maturing in less than one year are classified as current borrowings.

E. Derivative assets and liabilities

Derivative financial instruments are mainly used to manage exposures to foreign exchange, interest rate and commodity risks relating to the Group's financial and operating activity. For all these transactions, the Group applies hedge accounting and documents, at the inception of the transaction, the type of hedging relationship, the hedging instruments, the nature and the term of the hedged item.

However, in very limited circumstances, some derivatives do not qualify for hedge accounting.

Applying hedge accounting has the following consequences:

- fair value hedges for existing assets and liabilities: the hedged portion of the item is carried at fair value in the balance sheet. Any change in fair value is recognized through the income statement, where it is offset by the corresponding changes in fair value of the hedging instruments (except for the impact of premiums/discounts);
- future cash flow hedges: the effective portion of the change in fair value of the hedging instrument is recorded directly in equity (other comprehensive income), while the change in the fair value of the hedged item is not recognized in the balance sheet. The change in fair value of the ineffective portion is recognized in other financial income or expenses. Amounts recorded in other comprehensive income are reclassified in the income statement when the hedged transactions occur and are recorded;
- hedges of net investments in a foreign entity: the effective portion of the changes in fair value of the derivative instrument is recognized in gains and losses recognized directly in equity under translation reserves. The ineffective portion of the changes in fair value is recognized in the income statement. Once the foreign entity subject to the net investment hedge is sold, the loss or profit initially recognized in translation reserves is recognized in the income statement. This method also applies for foreign exchange hedging on dividends paid by subsidiaries.

Derivative financial instruments which do not qualify for hedge accounting are carried at fair value through profit or loss with an offsetting entry in financial assets and financial liabilities.

The fair value of assets, liabilities and derivatives is based on the market price at the balance sheet date.

7. ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets or disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are no longer depreciated (amortized) as of the date they are classified as assets or disposal groups held for sale.

Assets or disposal groups are measured at the lower of their carrying amount or fair value less costs to sell.

8. INVENTORIES AND WORK-IN-PROGRESS

Inventories are measured at the lower of cost or net realizable value. Cost includes direct raw materials, direct and indirect labor costs and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

9. SHARE CAPITAL, RESERVES AND TREASURY SHARES

Air Liquide's share capital is composed of ordinary shares.

Reserves include the following items:

- **Translation reserves:** Exchange differences arising from the translation into euros of foreign subsidiary financial statements are recorded in translation reserves. Fair value changes in net investment hedges of foreign subsidiaries are also recorded in this reserve.
- **Net income recognized directly in equity:** This reserve records accumulated fair value changes in the effective portion of cash flow hedge derivatives (transactions not yet recognized in the accounts).
- **Other consolidated reserves:** Pursuant to the option offered by revised IAS19, all actuarial gains and losses and adjustments arising from the asset ceiling, net of deferred taxes, are recognized in consolidated reserves in the period in which they occur.

When the Group buys back its own shares, they are classified as treasury shares and presented as a deduction from equity for the consideration paid. The profit or loss from the sale of treasury shares is recognized directly in equity, net of tax.

10. MINORITY INTERESTS

In accordance with IAS32/39, put options granted to minority shareholders are recorded as borrowings at the option's estimated strike price.

The share in the net assets of subsidiaries is reclassified from minority interests to borrowings.

Considering the lack of precision in current standards, the Group has elected to recognize the goodwill in consideration of the difference between the strike price of the granted option and the minority interests reclassified in borrowings.

Minority interests in profit and loss do not change and still reflect present ownership interests.

11. PROVISIONS

A. Provisions

Provisions are recognized when:

- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Restructuring provisions include only the direct costs arising from the restructuring and are recognized in the period in which the Group has approved a detailed and formal restructuring plan and the restructuring has either begun or been announced.

A provision for losses on contracts is recognized when the expected benefits from the contract are lower than the cost of satisfying the obligations under the contract.

B. Pensions and employee benefits

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active employees and retirees. These plans vary according to the laws and regulations applicable in each country as well as the specific rules in each subsidiary.

These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

Defined contribution plans are plans under which the employer is committed to pay regular contributions. The employer's obligation is limited to payment of the planned contributions. The employer does not grant any guarantee on the future level of benefits paid to the employee or retiree (means-based obligation). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation.

Defined benefit plans are plans under which the employer guarantees the future level of benefits defined in the agreement, most often depending on the employee's salary and seniority (result-based obligation). Defined benefit plans can be:

- either financed by contributions to specialized funds that manage the amounts received;
- or managed internally.

The Group grants both defined benefit and defined contribution plans.

For defined benefit plans, retirement and similar commitments are measured by independent actuaries, based on the projected unit credit method in accordance with IAS19. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, expected salary trends, mortality, inflation and appropriate discount rates for each country.

Defined benefit plans are covered by external pension funds in certain cases. The assets of these plans are mostly invested in bonds or equities carried at their fair value.

In accordance with IFRS1, the Group opted to recognize in equity all cumulated deferred actuarial gains and losses relating to employee benefits recorded in the balance sheet as of January 1, 2004, the transition date.

All actuarial gains and losses subsequent to January 1, 2004 and adjustments arising from the asset ceiling are recognized immediately in the gains and losses recognized directly in equity in the period in which they occur.

Valuations are carried out annually by independent actuaries for significant plans and every three years for other plans unless there are material changes in circumstances that necessitate a new calculation.

12. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Foreign currency transactions are recognized according to the following principles:

- foreign currency transactions are translated by each company into its functional currency at the exchange rate prevailing on the date of the transaction;
- at year-end, monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the closing exchange rate.

Exchange differences relating to commercial transactions are recognized in operating profit. For financial transactions, exchange differences are recognized in financial income and expenses except for differences resulting from the hedge of a net investment that are directly recognized in equity until the net investment is removed from the consolidation scope.

13. CONTINGENT ASSETS AND LIABILITIES

Contingent assets and liabilities arise from past events, the outcome of which depends on future uncertain events.

Contingent liabilities also encompass unrecognized present obligations that cannot be reliably estimated.

Contingent assets and liabilities that are material are disclosed in the notes to the consolidated financial statements, except for contingent liabilities assumed in a business combination, which are recognized in accordance with IFRS3.

14. DISCONTINUED OPERATIONS

A discontinued operation is a clearly distinguishable Group component that:

- either has been separated, or is classified as held for sale;
- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;
- is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the income statement.

15. GOVERNMENT GRANTS

Government grants received are recognized in other non-current liabilities. They are then recognized as income in the income statement for the period on the same basis as the subsidized assets are depreciated.

16. SHARE-BASED PAYMENTS

The Group grants stock options to management and some employees. Employees also benefit from conditional share allocations. In accordance with IFRS2, stock options and conditional share allocations are measured at fair value on the grant date. The valuation model used is the binomial mathematical model. Any changes in value subsequent to the grant date do not call into question the initial measurement.

In accordance with IFRS2, the fair value of options granted and conditional share allocations is recognized as an employee expense in the income statement with a corresponding increase in equity, and amortized on a straight-line basis over the vesting period.

In accordance with the option available under IFRS1, IFRS2 has only been applied to stock option plans granted after November 7, 2002 and not vested as of January 1, 2004.

The dilution effect of non-vested stock option plans and conditional share allocations is reflected in the calculation of diluted earnings per share.

For employee savings plans, the capital increases reserved for employees and performed under conditions that differ from market conditions result in the recognition of an expense. This expense corresponds to the contribution paid by the Company and the discount on the share price less the cost of non-transferability for the employees.

17. GREENHOUSE GAS EMISSION RIGHTS

In certain countries, the Air Liquide Group receives greenhouse gas emission rights free of charge. These allowances are allocated on a yearly basis for a compliance period of three years.

In return, the Group has to deliver allowances equal to its actual emissions.

In the absence of any specific IFRS guidance (IFRIC3 has been withdrawn), the Group has elected the following accounting approach:

- at each balance sheet date, the Group assesses if it has sufficient emission rights to cover its actual emissions. If the rights allocated exceed actual emissions, no asset is recognized and the rights sold are recognized in profit or loss. Conversely, the Group shall recognize a net liability.

BASIS OF PRESENTATION FOR FINANCIAL INFORMATION

1. SEGMENT INFORMATION

The Group is structured according to the following activities: Gas and Services, Engineering and Construction, and Other Activities (Welding, Specialty Chemicals and Diving).

The Group’s main operational decision-making body is the Executive Management assisted by the Executive Committee.

The Gas and Services activity is organized by geographical area, which is the responsible level for operations management and performance monitoring. These geographical areas are as follows:

- Europe;
- Americas;
- Asia-Pacific;
- Middle East and Africa.

Within the Gas and Services segment, the geographical areas determine sales policies and development projects in liaison with the four business lines (Large Industries, Industrial Merchant, Healthcare and Electronics).

The Engineering and Construction segment is managed separately at the international level. The segment designs, develops and builds industrial gas production plants for the Group and third parties. It also designs and manufactures plants in the traditional, renewable and alternative energy sectors.

Information on the Welding, Specialty Chemicals and Diving segments is presented in “Other Activities.”

Research and Development and corporate activities do not meet the Operating segments definition and are thus presented within reconciliation.

The information communicated in the tables covering segment information is presented according to the same accounting principles as those used for the Group consolidated financial statements.

Revenue is analyzed by geographical area of production (country of origin).

Inter-operating segment revenues for the Gas and Services activity are not material and therefore not specifically presented. The Engineering and Construction inter-operating segment revenues correspond to the sales involving the Gas and Services operating segments.

The Group operating performance is assessed on the basis of each segment's recurring operating income.

Segment assets include non-current assets, with the exception of "Deferred tax assets", "Investments in associates", "non-current fair value of derivative (assets)", as well as "Inventories and work-in-progress", "Trade receivables" and "Other current assets".

Segment liabilities correspond to "Provisions, pensions and other employee benefits", "Trade payables", "Other current liabilities" and "Other non-current liabilities".

Segment profits, assets and liabilities consist of amounts directly attributable to each segment, provided they can be allocated to the segment on a reasonable basis.

2. NET INDEBTEDNESS

Net indebtedness includes:

- current and non-current borrowings minus the fair value of hedging derivative assets to cover borrowings less;
- cash and cash equivalents, as defined in Note 6.C., net of the fair value of hedging derivative liabilities to cover loans.

3. OTHER OPERATING INCOME AND EXPENSES

Material non-recurring transactions that could affect operating performance readability are classified under "Other operating income and expenses". They mainly include:

- gains or losses on the disposal of activities;
- restructuring costs resulting from plans whose unusual and material nature distort the readability of the operating income recurring;
- very significant charges to provisions and impairment losses for property, plant and equipment and intangible assets.

Notes to the consolidated financial statements

for the year ended December 31, 2009

NOTE 1 - MAJOR EVENTS

1.1. Major events in 2009

On March 6, 2009, Air Liquide initiated legal proceedings at the Administrative Court in order to get the refund of the equalization charge paid for the years period 2000 to 2004.

Pursuant to the constant jurisprudence of the European Court of Justice, a portion of this refund claim has been recognized in accordance with IAS37 "Provisions, Contingent Liabilities and Contingent Assets" as a receivable in the consolidated balance sheet for 71.7 million euros, before interest on arrears, which amounted to 19.6 million euros as of December 31, 2009.

Considering the nature of the refund, the corresponding receivable has been recognized with the counterpart in the income statement in "other non-recurring operating income" for the principal amount and in "other financial income" for the interest on arrears, in accordance with IAS1 "Presentation of financial statements". In the consolidated cash flow statement, the receivable was presented on a separate line "equalization charge receivable".

1.2. Major events in 2008

There were no changes in the scope of consolidation in 2008 that could have a significant impact on the Group's financial statements.

NOTE 2 - IMPACT OF CHANGE IN ACCOUNTING METHOD

The impacts on the financial statements of the change in accounting method outlined in the accounting principles are as follows:

In millions of euros	December 31, 2007	December 31, 2008	December 31, 2009
Shareholders' equity			
Retained earnings	41.2	(99.4)	(131.9)
Minority interests	2.0	(4.5)	(3.1)
Non-current liabilities			
Provisions, pensions and other employee benefits	(65.8) [a]	161.1 [a]	209.8
Net deferred tax	22.6	(57.2)	(74.8)

(a) Including the impact of the first-time adoption of IFRIC14 in the gross amount of -1.4 million euros for 2008 and -6.4 million euros as of December 31, 2007.

In millions of euros	December 31, 2007	December 31, 2008	December 31, 2009
Recognized gains (losses) net at the beginning of the period		43.2	(103.9)
Recognized gains (losses) net of the period		(143.8)	(32.5)
Surplus management reserve of the period		0.8 [a]	(0.4)
Exchange impacts		(4.1)	1.8
Recognized gains (losses) net at the end of the period	43.2 [a]	(103.9)	(135.0)

(a) Including the impact of the first-time adoption of IFRIC14 for the following amounts (net of deferred tax): 0.8 million euros for 2008 and 4.2 million euros as of December 31, 2007.

NOTE 3 - IMPACT OF MAIN BUSINESS COMBINATIONS ON THE FINANCIAL STATEMENTS

3.1. Impact of main business combinations on the 2009 financial statements

There were no changes in the scope of consolidation that could have a significant impact on the Group's financial statements in 2009.

3.2. Impact of main business combinations on the 2008 financial statements

In accordance with IFRS3, the final determination of the fair value of the assets and liabilities acquired in 2007 was finalized during fiscal year 2008. The adjustments primarily recognized concerned the Lurgi group. All of the impacts were published in 2008 Reference Document (Note 2 to the Consolidated financial statements on page 137).

NOTE 4 - SEGMENT INFORMATION

Income statement

2009	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Revenue	**5,772.6**	**2,274.1**	**1,909.1**	**236.0**	**10,191.8**	**994.6**	**789.7**		**11,976.1**
Inter-segment revenue						*575.1*		*(575.1)*	
Operating income recurring	**1,135.9**	**488.8**	**304.4**	**65.0**	**1,994.1**	**82.1**	**43.1**	**(170.3)**	**1,949.0**
Incl. depreciation and amortization	*(512.9)*	*(253.8)*	*(178.0)*	*(20.2)*	*(964.9)*	*(27.2)*	*(24.3)*	*(3.6)*	*(1,020.0)*
Other non-recurring operating income									75.7
Other non-recurring operating expenses									(65.6)
Net finance costs									(221.7)
Other financial income									80.1
Other financial expenses									(133.0)
Income taxes									(419.1)
Share of profit of associates									19.8
Profit for the period									**1,285.2**
Purchase of intangible assets and property, plant and equipment	(537.9)	(360.1)	(450.4)	(45.3)	(1,393.7)	(6.9)	(18.2)	7.8	(1,411.0)

2008	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Revenue	**6,105.1**	**2,659.7**	**2,065.8**	**197.0**	**11,027.6**	**1,080.8**	**994.7**		**13,103.1**
Inter-segment revenue						*676.6*		*(676.6)*	
Operating income recurring	**1,130.3**	**441.7**	**326.4**	**50.3**	**1,948.7**	**52.4**	**121.9**	**(174.0)**	**1,949.0**
Incl. depreciation and amortization	*(517.0)*	*(247.8)*	*(157.1)*	*(15.3)*	*(937.2)*	*(27.8)*	*(23.4)*	*(4.4)*	*(992.8)*
Other non-recurring operating income									8.2
Other non-recurring operating expenses									(38.4)
Net finance costs									(214.4)
Other financial income									66.9
Other financial expenses									(122.8)
Income taxes									(401.5)
Share of profit of associates									24.8
Profit for the period									**1,271.8**
Purchase of intangible assets and property, plant and equipment	(751.2)	(415.5)	(616.6)	(78.7)	(1,862.0)	(39.7)	(32.1)	25.5	(1,908.3)

Balance sheet

2009	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Segment assets	**8,558.8**	**3,596.0**	**4,150.7**	**464.4**	**16,769.9**	**936.8**	**605.6**	**151.1**	**18,463.4**
Goodwill	2,092.8	487.9	1,038.7	93.7	3,713.1	184.8	105.0		4,002.9
Intangible assets and property, plant and equipment, net	4,815.4	2,647.3	2,457.4	246.8	10,166.9	262.7	151.9	15.3	10,596.8
Other segment assets	1,650.6	460.8	654.6	123.9	2,889.9	489.3	348.7	135.8	3,863.7
Non-segment assets									2,162.2
Total assets									**20,625.6**
Segment liabilities	**2,167.2**	**600.1**	**532.0**	**77.7**	**3,377.0**	**1,421.4**	**212.3**	**243.9**	**5,254.6**
Non-segment liabilities									7,619.1
Equity including minority interests									7,751.9
Total equity and liabilities									**20,625.6**

2008	Gas and Services					Engineering and Construction	Other Activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle East and Africa	Sub-total				
Segment assets	**8,722.1**	**3,464.5**	**4,072.3**	**348.5**	**16,607.4**	**1,095.6**	**764.7**	**92.9**	**18,560.6**
Goodwill	2,073.0	479.9	1,066.9	49.0	3,668.8	182.6	104.8		3,956.2
Intangible assets and property, plant and equipment, net	4,794.9	2,539.1	2,233.8	202.9	9,770.7	279.5	161.5	24.4	10,236.1
Other segment assets	1,854.2	445.5	771.6	96.6	3,167.9	633.5	498.4	68.5	4,368.3
Non-segment assets									2,058.2
Total assets									**20,618.8**
Segment liabilities [(a)]	**2,209.7**	**641.3**	**605.8**	**62.0**	**3,518.8**	**1,634.2**	**231.1**	**240.3**	**5,624.4**
Non-segment liabilities									8,092.7
Equity including minority interests									6,901.7
Total equity and liabilities									**20,618.8**

(a) 2008 figures restated for the impact of the change in accounting method described in Note 2 and within the accounting policies.

The Research and Development and Corporate activities are presented in the “Reconciliation” column. The operating income recurring of the Engineering and Construction activity includes financial income generated by advances received from customers. It is presented in net finance costs in the consolidated income statement. The adjustment arising from the presentation difference is included in the “Reconciliation” column.

Other information on geographical areas

2009	France	Europe excl. France	Americas	Asia-Pacific	Middle East and Africa	Total
In millions of euros						
Revenue	**2,570.8**	**4,581.1**	**2,402.1**	**2,186.1**	**236.0**	**11,976.1**
Non-current assets [(a)]	**1,025.2**	**6,328.0**	**3,324.3**	**3,703.7**	**385.0**	**14,766.2**
Incl. Investments in associates	*1.9*	*15.9*	*7.0*	*97.2*	*44.5*	*166.5*

(a) Excluding non-current financial assets, deferred tax assets and non-current fair value of derivative (assets).

2008	France	Europe excl. France	Americas	Asia-Pacific	Middle East and Africa	Total
In millions of euros						
Revenue	**2,651.0**	**5,174.0**	**2,882.7**	**2,198.4**	**197.0**	**13,103.1**
Non-current assets [(a)]	**1,015.4**	**6,325.8**	**3,215.1**	**3,491.4**	**287.4**	**14,335.1**
Incl. Investments in associates	*6.1*	*15.3*	*3.0*	*83.0*	*35.4*	*142.8*

(a) Excluding non-current financial assets and deferred tax assets.

Due to the substantial number of companies served by the Group (over one million customers worldwide), their significant diversity in multiple sectors and their wide geographical dispersion, no external customer represents more than 2% of Air Liquide revenue.

NOTE 5 - REVENUE

In millions of euros	2008	%	2009	%
Gas and Services	11,027.6	84%	10,191.8	85%
Engineering and Construction	1,080.8	8%	994.6	8%
Other Activities	994.7	8%	789.7	7%
TOTAL	**13,103.1**	**100%**	**11,976.1**	**100%**

Consolidated revenue for the year ended December 31, 2009 totaled 11,976.1 million euros, down -8.6% compared to 2008. The decrease was -6.2% on a comparable basis, after adjustment for the cumulative impact of foreign exchange fluctuations, natural gas prices and main changes in the consolidation scope:

- foreign exchange rate fluctuations represented 142 million euros in 2009, for an impact of 1.1% on consolidated revenue. The impact was primarily due to the depreciation of the euro against the yen;
- in 2009, natural gas prices had an impact of -450 million euros excluding foreign exchange fluctuations, for a contribution of -3.5% to Group revenue;
- the impact of changes in the scope of consolidation in 2009 was not significant.

Consolidated revenue for the year ended December 31, 2008 totaled 13,103.1 million euros, up 11.0% from 2007. The increase was 6.9% on a comparable basis, after adjustment for the cumulative impact of foreign exchange fluctuations, natural gas prices and main changes in the consolidation scope:

- foreign exchange rate fluctuations represented -186 million euros in 2008, for an impact of -1.6% on consolidated revenue. The impact was primarily due to the appreciation of the euro against the US dollar;
- in 2008, natural gas prices had an impact of 301 million euros excluding foreign exchange fluctuations, for a contribution of 2.5% to Group revenue;
- the impact of changes in the scope of consolidation was related to the consolidation of Lurgi beginning in the third quarter of 2007. Over the year, the impact stood at 372 million euros, or 3.2% of Group revenue.

NOTE 6 - OPERATING INCOME RECURRING AND EXPENSES

Operating income recurring and expenses include purchase, personnel expenses, depreciation and amortization, other recurring income and other recurring expenses.

The Group purchases mainly consist of electricity, natural gas and industrial and medical products.

6.1. Personnel expenses

In millions of euros	2008	2009
Wages and social security charges	(2,109.1)	(2,158.0)
Defined contribution pension plans	(17.9)	(22.2)
Defined benefit pension plans	(35.3)	(40.1)
Share-based payments	(14.5)	(16.2)
TOTAL	**(2,176.8)**	**(2,236.5)**

Fully and proportionately consolidated companies employed 42,300 individuals as of December 31, 2009 (43,000 individuals as of December 31, 2008). Furthermore, the number of employees in 2009 included 350 individuals from acquired or newly consolidated companies.

6.2. Other recurring expenses

Other recurring expenses primarily include transport and distribution costs, sub-contracting costs, operating leases and insurance premiums.

6.3. Research and Development expenditures

In 2009, innovation costs amounted to 218.1 million euros (224.2 million euros in 2008) including Research and Development costs of 160.6 million euros (160.1 million euros in 2008).

Development costs incurred by the Group in the course of its Research and Development projects were expensed. The conditions required in IFRS for the capitalization of development costs were not met, since expenditures did not systematically result in the completion of an intangible asset that will be available for use or sale.

6.4. Depreciation and amortization expense

In millions of euros	2008	2009
Intangible assets	(84.1)	(71.8)
Property, plant and equipment PP&E [a]	(908.7)	(948.2)
TOTAL	**(992.8)**	**(1,020.0)**

(a) Including the depreciation charge after deduction of investment grants released to profit.

NOTE 7 - OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

In millions of euros	2008	2009
Expenses		
Reorganization, restructuring and integration costs	(14.0)	(54.4)
Provisions for major customer risks	(20.9)	
Other	(3.5)	(11.2)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(38.4)**	**(65.6)**
Income		
Capital gains on the disposal of PP&E and investments	0.2	
Equalization charge refund		71.7
Other	8.0	4.0
TOTAL OTHER NON-RECURRING OPERATING INCOME	**8.2**	**75.7**
TOTAL	**(30.2)**	**10.1**

The income arising from the refund of the equalization charge is explained in Note 1.

In 2009, the Group initiated exceptional efficiency projects including some one-off reorganizations in numerous sites, generating costs in the amount of 54.4 million euros. In consideration thereof, the Group received compensation amounting to 4.4 million euros.

The "Other" heading includes impairment losses amounting to 7.8 million euros.

In 2008:

- reorganization and restructuring costs were mainly related to the change in the organizational structure of Industrial Merchant in some European countries that was completed in 2008;
- the Group recognized an exceptional provision for major customer risks of 20.9 million euros, including 10.9 million euros after the US subsidiary LyondellBasell filed for protection under Chapter 11 of the US Bankruptcy Code;
- other non-recurring operating income mainly comprised the repayments received in connection with the definitive liquidation of a customer that went bankrupt in the United States in 2002. The corresponding receivables were fully provided for.

NOTE 8 - NET FINANCE COSTS AND OTHER FINANCIAL INCOME AND EXPENSES

8.1. Net finance costs

In millions of euros	2008	2009
Finance costs	(244.8)	(236.8)
Financial income from short-term investments and loans	30.4	15.1
TOTAL	**(214.4)**	**(221.7)**

Net finance costs increased slightly due to the rise in the average outstanding debt between 2008 and 2009. The average cost of debt remained stable at 4.6% compared to 2008.

Capitalized finance costs totaled 27.7 million euros in 2009 (23.8 million euros in 2008).

8.2. Other financial income and expenses

In millions of euros	2008	2009
Financial income related to employee benefits	51.7	42.1
Other financial income	15.2	38.0
TOTAL OTHER FINANCIAL INCOME	**66.9**	**80.1**
Financial expenses related to employee benefits	(109.8)	(115.1)
Other financial expenses	(13.0)	(17.9)
TOTAL OTHER FINANCIAL EXPENSES	**(122.8)**	**(133.0)**

Other financial income was impacted by the recognition of interest on arrears related to the equalization charge receivable (see Note 1).

The impact of the revaluation of derivative instruments is included in "Other financial income", in accordance with accounting principles described in paragraph 6.E.

NOTE 9 - INCOME TAXES

9.1. Income taxes

In millions of euros	2008	2009
Current tax		
Income tax expense payable	(398.2)	(350.6)
Prior year tax losses or tax credits not previously recognized	6.0	4.9
TOTAL	**(392.2)**	**(345.7)**
Deferred tax		
Temporary differences	(24.7)	(80.5)
Impact of tax rate changes	15.4	7.1
TOTAL	**(9.3)**	**(73.4)**

The variation in deferred tax expense for temporary differences was mainly related to the start up of plants in 2009, which generated differences between tax and economic depreciation of assets.

9.2. Reconciliation between the standard tax rate and the Group effective tax rate

%	2008	2009
Standard tax rate	**31.3**	**31.6**
Impact of transactions taxed at reduced rates	(2.8)	(2.6)
Impact of tax rate changes	(0.9)	(0.4)
Impact of tax exemptions and other	(3.2)	(3.7)
Group effective tax rate	**24.4**	**24.9**

The standard tax rate is the average rate obtained by applying the statutory tax rate for each country to their related earnings before tax.

The average effective tax rate is determined as follows: (current and deferred income tax expense)/(net profit before tax less share of profit of associates and net profit from discontinued operations).

In France, L'Air Liquide S.A. has elected to determine French income taxes on a consolidated basis, including all French subsidiaries complying with the requirements.

Foreign subsidiaries have elected to apply for similar rules wherever this is allowed under local regulations.

In 2009, the increase in the average effective tax rate was attributable to the rise in the standard tax rate and with lower impact on tax rate changes, partially offset by the significant amount of other non-taxable non-recurring operating income.

NOTE 10 - PROFIT FOR THE PERIOD - MINORITY INTERESTS

In millions of euros	2008	2009
Profit for the period - minority interests	51.8	55.2

NOTE 11 - NET EARNINGS PER SHARE

11.1. Basic earnings per share

	2008	2009
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	1,220.0	1,230.0
Weighted average number of ordinary shares outstanding	259,634,357	261,495,542
Basic earnings per share *(in euros)*	**4.70**	**4.70**

Basic earnings per share are calculated by dividing net profit (Group share) attributable to ordinary shareholders of Air Liquide by the weighted average number of shares outstanding during the year, excluding ordinary shares purchased by Air Liquide and recognized in equity.

11.2. Diluted earnings per share

	2008	2009
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**1,220.0**	**1,230.0**
Weighted average number of ordinary shares outstanding	259,634,357	261,495,542
Adjustment for the dilutive impact of share subscription options and conditional grant of shares	1,739,904	333,842
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**261,374,261**	**261,829,384**
Diluted earnings per share *(in euros)*	**4.67**	**4.70**

Diluted earnings per share take into account the weighted average number of shares that would have been outstanding had all potentially dilutive shares been converted. The dilutive impact is therefore calculated assuming the complete exercise of all share subscription options granted to employees and the achievement in full of the performance requirements for the conditional grant of shares to employees.

The Group has not issued any other financial instruments that may generate further dilution of net earnings per share.

NOTE 12 - DIVIDEND PER SHARE

The 2008 dividend on ordinary shares reported and paid on May 18, 2009 was 601.9 million euros (including treasury shares), for a dividend of 2.25 euros per share. Dividends paid represent a distribution rate of 49.3% of profit for the period attributable to shareholders of the parent.

A dividend distribution of 609.2 million euros (including treasury shares), for a dividend of 2.25 euros per share, on ordinary shares will be proposed to the Annual General Meeting in respect of 2009. These dividends represent a distribution rate of 49.5% of the profit for the period attributable to shareholders of the parent.

NOTE 13 - GOODWILL

13.1. Movements during the period

In millions of euros	As of January 1	Goodwill recognized during the period	Goodwill removed during the period	Impairment losses	Foreign exchange differences	Other movements [(a)]	As of December 31
2008	3,642.7	142.8	(0.9)		169.6	2.0	3,956.2
2009	**3,956.2**	**63.9**	**(0.8)**	**(5.0)**	**(41.2)**	**29.8**	**4,002.9**

(a) In 2009, other movements mainly include the increase in the fair value of put options granted to minority shareholders, particularly due to the growth of the Hygiene activity in France.

Goodwill recognized primarily included:

- in 2009, the acquisition of Al-Khafrah Industrial Gases by Air Liquide Middle East;
- in 2008, the final fair value determination of the acquired assets and liabilities relating to the acquisition of the Lurgi group in 2007 as well as the goodwill arising from the buyout of Air Liquide Hangzhou Co., Ltd minority interests and the acquisition of the Pure Helium group.

13.2. Significant goodwill

	2008	2009		
In millions of euros	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Germany [(a)]	1,401.7	1,403.1		1,403.1
Japan [(b)]	655.8	621.4		621.4
SOAEO [(c)]	427.6	425.9		425.9
Lurgi [(d)]	396.1	399.0		399.0
United States [(e)]	326.1	320.9		320.9
AL Welding	90.9	90.9		90.9
Other subsidiaries [(f)]	658.0	748.1	(6.4)	741.7
TOTAL GOODWILL	**3,956.2**	**4,009.3**	**(6.4)**	**4,002.9**

(a) Including goodwill arising from the Messer activities in Germany for 1,270.5 million euros.
(b) The variation between 2009 and 2008 was mainly due to the foreign exchange impact.
(c) The variation between 2009 and 2008 was mainly due to the foreign exchange impact.
(d) The Lurgi group goodwill was allocated to the following operating segments: Gas and Services Europe, Gas and Services Americas, Gas and Services Asia-Pacific and the Engineering and Construction activity. The goodwill was allocated to groups of cash-generating units according to the expected growth and synergies following the consolidation of the Lurgi group.
(e) The variation between 2009 and 2008 was mainly due to the foreign exchange impact.
(f) The variation between 2009 and 2008 was mainly due to the foreign exchange impact and the acquisition of Al-Khafrah Industrial Gases.

In 2009, the Group recognized an impairment loss for goodwill of 5.0 million euros with regard to the Central Analysis division in France.

The Group did not recognize any impairment loss for goodwill for the year ended December 31, 2008.

Impairment tests were carried out using the same methods as those applied in previous years. The key model assumptions used, such as market multiples and the discount rate, took into account the Stock Exchange and world economic context.

The market multiples used were determined using the Air Liquide Group market value as of December 31, 2009.

Considering the world economic context, the growth rates taken into account in the cash flow estimates for cash-generating units or groups of cash-generating units were significantly lower than the Group's historical average growth rates. They were comprised of between 2% and 3% for cash-generating units or groups of cash-generating units operating in mature markets, and a maximum of 5% for cash-generating units or groups of cash-generating units operating in emerging markets.

The weighted average cost of capital used for these calculations was 8.2% as of December 31, 2009 (7.5% as of December 31, 2008).

The weighted average cost of capital and market multiples are adjusted according to activity and the geographical location of the tested cash-generating units.

As of December 31, 2009 and 2008, the recoverable amounts of cash-generating units or groups of cash-generating units exceeded significantly their net carrying amounts, with the exception of the impairment loss recognized for the Central Analysis division as of December 31, 2009.

NOTE 14 - OTHER INTANGIBLE ASSETS

14.1. Gross carrying amounts

In millions of euros	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2008							
Internally generated intangible assets	243.1	31.3		(1.2)		7.5	280.7
Other intangible assets	832.3	35.0	(2.6)	4.4	22.5	(3.5)	888.1
Total gross intangible assets	**1,075.4**	**66.3**	**(2.6)**	**3.2**	**22.5**	**4.0**	**1,168.8**
2009							
Internally generated intangible assets	280.7	12.4		0.8		(40.8)	253.1
Other intangible assets	888.1	17.6	(6.6)	(2.8)	6.5	39.7	942.5
Total gross intangible assets	**1,168.8**	**30.0**	**(6.6)**	**(2.0)**	**6.5**	**(1.1)**	**1,195.6**

(a) In 2008, the "Acquisition related to business combination" column mainly corresponded to the final fair value determination of intangible assets following the business combinations recognized under the purchase method in 2007. The adjustment principally concerned the Lurgi group.
(b) Other movements primarily include account reclassifications and changes in consolidation scope.

14.2. Amortization and impairment losses

In millions of euros	As of January 1	Charge for the period	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2008							
Internally generated intangible assets	(119.5)	(24.4)		0.2		(3.4)	(147.1)
Other intangible assets	(249.9)	(59.7)	2.6	(3.5)		4.8	(305.7)
Total intangible asset amortization	**(369.4)**	**(84.1)**	**2.6**	**(3.3)**		**1.4**	**(452.8)**
Total net intangible assets	**706.0**	**(17.8)**		**(0.1)**	**22.5**	**5.4**	**716.0**
2009							
Internally generated intangible assets	(147.1)	(14.2)		(0.2)		(0.4)	(161.9)
Other intangible assets	(305.7)	(57.6)	4.5	1.0		0.1	(357.7)
Total intangible asset amortization	**(452.8)**	**(71.8)**	**4.5**	**0.8**		**(0.3)**	**(519.6)**
Total net intangible assets	**716.0**	**(41.8)**	**(2.1)**	**(1.2)**	**6.5**	**(1.4)**	**676.0**

(a) In 2008, the "Acquisition related to business combination" column mainly corresponded to the final fair value determination of intangible assets following the business combinations recognized under the purchase method in 2007. The adjustment principally concerned the Lurgi group.

(b) Other movements primarily include account reclassifications and changes in consolidation scope.

At year-end, the Group had no significant commitments for the purchase of intangible assets and was not subject to any restrictions over the use of existing intangible assets.

NOTE 15 - PROPERTY, PLANT AND EQUIPMENT

15.1. Gross carrying amounts

In millions of euros	As of January 1	Additions	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2008							
Land	235.9	3.2	(3.1)	22.9	2.9	3.3	265.1
Buildings	990.1	18.9	(13.7)	38.7	15.8	35.2	1,085.0
Equipment, cylinders, installations	16,255.1	439.5	(215.0)	205.9	58.8	932.0	17,676.3
Total property, plant and equipment in service	**17,481.1**	**461.6**	**(231.8)**	**267.5**	**77.5**	**970.5**	**19,026.4**
Construction in progress	1,009.1	1,398.6		23.7	5.1	(919.5)	1,517.0
Total property, plant and equipment	**18,490.2**	**1,860.2**	**(231.8)**	**291.2**	**82.6**	**51.0**	**20,543.4**
2009							
Land	265.1	4.3	(3.3)	(4.0)	0.3	2.2	264.6
Buildings	1,085.0	30.3	(23.0)	(2.7)	0.6	43.5	1,133.7
Equipment, cylinders, installations	17,676.3	509.0	(195.5)	93.0	5.6	801.9	18,890.3
Total property, plant and equipment in service	**19,026.4**	**543.6**	**(221.8)**	**86.3**	**6.5**	**847.6**	**20,288.6**
Construction in progress	1,517.0	837.1		6.4	0.1	(823.9)	1,536.7
Total property, plant and equipment	**20,543.4**	**1,380.7**	**(221.8)**	**92.7**	**6.6**	**23.7**	**21,825.3**

(a) In 2008, the "Acquisition related to business combination" column mainly corresponded to the full consolidation of EVC Dresden – Wilschdorf GmbH & Co. KG and Zweite EVC Dresden – Wilschdorf GmbH & Co. KG and the final fair value determination of property, plant and equipment following the business combinations recognized under the purchase method in 2007. The adjustment principally concerns the Lurgi group.

(b) Other movements primarily include account reclassifications and changes in consolidation scope.

Purchases of property, plant and equipment and intangible assets in the consolidated statement of cash flows correspond to the increase in property, plant and equipment and intangible assets adjusted for the change in the fixed asset suppliers' balance during an accounting period.

15.2. Depreciation and impairment losses

In millions of euros	As of January 1	Charge for the period	Impairment losses	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2008								
Buildings	(569.1)	(41.7)		11.0	(24.6)		(8.8)	(633.2)
Equipment, cylinders, installations	(9,528.9)	(875.5)	(1.1)	174.8	(144.8)		(14.6)	(10,390.1)
Total property, plant and equipment depreciation	**(10,098.0)**	**(917.2)**	**(1.1)**	**185.8**	**(169.4)**		**(23.4)**	**(11,023.3)**
Total property, plant and equipment, net	**8,392.2**	**943.0**	**(1.1)**	**(46.0)**	**121.8**	**82.6**	**27.6**	**9,520.1**
2009								
Buildings	(633.2)	(44.6)		12.7	(0.9)		(8.2)	(674.2)
Equipment, cylinders, installations	(10,390.1)	(914.6)	(2.8)	166.0	(83.3)		(5.5)	(11,230.3)
Total property, plant and equipment depreciation	**(11,023.3)**	**(959.2)**	**(2.8)**	**178.7**	**(84.2)**		**(13.7)**	**(11,904.5)**
Total property, plant and equipment, net	**9,520.1**	**421.5**	**(2.8)**	**(43.1)**	**8.5**	**6.6**	**10.0**	**9,920.8**

(a) In 2008, the "Acquisition related to business combination" column mainly corresponded to the full consolidation of EVC Dresden – Wilschdorf GmbH & Co. KG and Zweite EVC Dresden – Wilschdorf GmbH & Co. KG and the final fair value determination of property, plant and equipment following the business combinations recognized under the purchase method in 2007. The adjustment principally concerned the Lurgi group.
(b) Other movements primarily include account reclassifications and changes in consolidation scope.

The charge for the period corresponds to the increase in depreciation, net of the investment grants released in the income statement.

15.3. Finance leases

Air Liquide enters into lease agreements for the use of certain industrial assets. The substance of a number of these agreements satisfies the definition of a finance lease.

These agreements primarily include office and industrial buildings, vehicle trailers and other industrial equipment as well as information technology hardware.

The present value of minimum lease payments for leased assets is recorded in the balance sheet under "Property, plant and equipment". The breakdown is as follows:

	2008		2009	
In millions of euros	**Minimum lease payments**	**Present value of minimum lease payments**	**Minimum lease payments**	**Present value of minimum lease payments**
Less than 1 year	10	10	8	8
1 to 5 years	16	15	14	13
More than 5 years	8	7	5	4
Total minimum lease payments	**34**	**32**	**27**	**25**
Less impact of discounting (finance charge)	(2)		(2)	
Present value of minimum lease payments	**32**		**25**	

NOTE 16 - NON-CURRENT FINANCIAL ASSETS

In millions of euros	**2008**	**2009**
Available-for-sale financial assets	68.5	53.0
Loans	22.9	33.5
Other long-term receivables	122.9	185.3
Employee benefits - prepaid expenses	2.1	5.1
Non-current financial assets	**216.4**	**276.9**

Available-for-sale financial assets primarily consist of unlisted and non-consolidated investments, in particular capital contributions to Group companies in the development phase.

As of December 31, 2009, other long-term receivables increased due to the recognition of the receivable related to the equalization charge refund claim outlined in Note 1.

NOTE 17 - INVESTMENTS IN ASSOCIATES

17.1. Financial information related to associates

Group share of associates as of December 31, 2009	**Share of profit for the period**	**Share of equity [(a)]**
In millions of euros		
Europe	3.2	17.8
Americas	1.1	7.0
Asia-Pacific	10.2	97.2
Middle East and Africa	5.3	44.5
TOTAL	**19.8**	**166.5**

(a) The goodwill related to associates is included in the carrying amount of the investment.

Group share of associates as of December 31, 2008	Share of profit for the period	Share of equity [a]
In millions of euros		
Europe	2.5	21.4
Americas	2.0	3.0
Asia-Pacific	13.0	83.0
Middle East and Africa	7.3	35.4
TOTAL	**24.8**	**142.8**

(a) The goodwill related to associates is included in the carrying amount of the investment.

17.2. Movements during the year

In millions of euros	As of January 1	Share of profit for the period	Dividend distribution	Foreign exchange differences	Other movements	As of December 31
2008	140.3	24.8	(14.1)	(18.2)	10.0	142.8
2009	**142.8**	**19.8**	**(16.3)**	**5.6**	**14.6**	**166.5**

Other movements primarily included changes in the scope of consolidation and, in particular:

- in 2009, the consolidation under the equity method of Air Liquide Syria LLC (Syria);
- in 2008, the acquisition of Société d'Installations et de Diffusion de Matériel Technique S.P.A. - SIDAL (Algeria).

17.3. Financial indicators of associates (100%)

BALANCE SHEET

In millions of euros	2008	2009
Total assets	590.2	670.8
Equity	316.1	360.6
Net indebtedness	91.9	143.5

INCOME STATEMENT

In millions of euros	2008	2009
Revenue	502.3	473.0
Profit for the period	45.4	39.4

NET INDEBTEDNESS (GROUP SHARE)

In millions of euros	2008	2009
Net indebtedness	43.2	64.6

NOTE 18 - DEFERRED TAXES

Movements in deferred tax assets and liabilities during the period were as follows:

18.1. Deferred tax assets

In millions of euros	2008 [c]	2009
As of January 1	**365.7**	**367.1**
Income (charge) to the income statement	(43.4)	(6.9)
Income (charge) to equity for the period	18.2	(10.5) [a]
Acquisitions/Disposals	(2.1)	0.1
Foreign exchange differences	6.9	(0.8)
Other [b]	21.8	1.1
As of December 31	**367.1**	**350.1**

(a) Corresponds to the deferred tax recognized in other items in the statement of net income and gains and losses directly recognized in equity: -2.3 million euros relating to the change in fair value of derivatives and -8.2 million euros related to actuarial gain and losses.
(b) Other movements result from reclassifications between current and deferred tax.
(c) 2008 figures restated for the impact of the change in accounting method described in Note 2 and within the accounting policies.

18.2. Deferred tax liabilities

In millions of euros	2008 [c]	2009
As of January 1	**1,067.7**	**968.9**
Charge (income) to the income statement	(34.1)	66.5
Charge (income) to equity for the period	(72.2)	(33.1) [a]
Acquisitions/Disposals	10.6	(1.0)
Foreign exchange differences	10.7	0.9
Other [b]	(13.8)	(2.8)
As of December 31	**968.9**	**999.4**

(a) Corresponds to the deferred tax recognized in other items in the statement of net income and gains and losses directly recognized in equity: -5.9 million euros relating to the change in fair value of derivatives and -27.2 million euros related to actuarial gain and losses.
(b) Other movements result from reclassifications between current and deferred tax.
(c) 2008 figures restated for the impact of the change in accounting method described in Note 2 and within the accounting policies.

In 2008, the impact of deferred taxes arising from acquisitions and disposals mainly involved the final fair value determination of the acquired assets and liabilities relating to the acquisition of the Lurgi group in 2007.

As of December 31, 2009, unrecognized deferred tax assets totaled 4.7 million euros, compared to 10.7 million euros as of December 31, 2008. The recovery of these taxes is unlimited.

Deferred tax liabilities are mainly generated by differences between the tax and economic depreciation of assets. Deferred tax assets mainly relate to provisions not immediately deductible for tax purposes, in particular employees benefit provisions, and tax loss carryforwards.

NOTE 19 - INVENTORIES

In millions of euros	2008	2009
Raw materials and supplies	206.3	188.5
Finished and semi-finished goods	511.1	439.7
Work-in-progress	100.9	81.5
Net inventories	**818.3**	**709.7**

In millions of euros	2008	2009
Write-down of inventories	(20.0)	(20.4)
Reversals of write-down	17.7	19.2
Net write-down recognized in the income statement	**(2.3)**	**(1.2)**

NOTE 20 - TRADE RECEIVABLES

In millions of euros	2008	2009
Trade and other operating receivables	2,989.1	2,542.4
Allowance for doubtful receivables	(117.8)	(135.9)
Trade receivables	**2,871.3**	**2,406.5**

Trade and other operating receivables included the gross amounts from Engineering and Construction customers for 63.8 million euros (78.2 million euros as of December 31, 2008).

For all Engineering and Construction contracts in progress at the year-end, the gross amounts payable from and to customers correspond to the sum of costs incurred and profits recognized using the percentage of completion method, equivalent to revenue recorded using the percentage of completion method, less any advances received.

Amounts due to customers are presented under other current liabilities (see Note 27).

As of December 31, 2009, cumulative revenue recognized using the percentage of completion method and advances received amounted to 1,439.3 million euros and 1,687.5 million euros, respectively.

As of December 31, 2008, cumulative revenue recognized using the percentage of completion method and advances received amounted to 1,860.3 million euros and 2,172.4 million euros, respectively.

20.1. Breakdown of trade and other operating receivables

In millions of euros	Gross carrying amount	Not yet due	Impaired and overdue	Not impaired and overdue
2008	2,989.1	2,234.4	105.7	649.0
2009	**2,542.4**	**1,871.8**	**116.9**	**553.7**

Outstanding trade receivables overdue and not provided for mainly comprised receivables due in less than three months (63.4% in 2009, 68.8% in 2008). Their non-impairment arises from a detailed analysis of the related risks.

Trade receivables overdue and not impaired over a longer period mainly concerns public sector customers in the Healthcare segment for which the credit risk is very low.

20.2. Allowance for doubtful receivables

In millions of euros	As of January 1	Charges	Reversals	Foreign exchange differences	Other movements	As of December 31
2008	(86.6)	(59.3)	29.4	1.0	(2.3)	(117.8)
2009	**(117.8)**	**(60.3)**	**51.4**	**(0.9)**	**(8.3)**	**(135.9)**

In 2008, charges included the charges to exceptional provisions described in Note 7.

NOTE 21 - OTHER CURRENT ASSETS

In millions of euros	2008	2009
Advances and down-payments made	136.9	143.8
Prepaid expenses	68.9	58.4
Other sundry current assets	256.5	268.4
Other current assets	**462.3**	**470.6**

NOTE 22 - CASH AND CASH EQUIVALENTS

In millions of euros	2008	2009
Short-term loans	25.7	16.6
Short-term investments	896.5	1,061.7
Cash in bank	340.7	307.0
Cash and cash equivalents	**1,262.9**	**1,385.3**

Short-term investments include temporary cash investments, maturing in less than three months (cash note and certificate of deposit), towards banks or counterparts with a minimum rating of A+.

NOTE 23 - SHAREHOLDERS' EQUITY

23.1. Shares

NUMBER OF SHARES OUTSTANDING

	2008	2009
Number of shares outstanding as of January 1	238,844,710	260,922,348
Allotment of bonus shares	24,220,146	
Capital increase reserved for employees		999,229
Options exercised during the period	773,842	2,332,777
Cancellation of treasury shares	(2,916,350)	
Number of shares outstanding as of December 31	**260,922,348**	**264,254,354**

The shares have a par value of 5.50 euros each and are all issued and fully paid-up.

In 2009, Air Liquide continued with its dividend distribution policy. However, by focusing its efforts on managing liquidity and its financing requirements, the Group did not set up any share buyback programs. In 2009, a total of 26,231 shares were purchased (net of disposals) exclusively under a liquidity contract.

23.2. Treasury shares

Treasury shares consist of Air Liquide shares held by the Group. As of December 31, 2009, the Group held 1,319,563 treasury shares (1,441,716 in 2008). This movement in the number of treasury shares is explained on pages 138 and 139 (consolidated statement of changes in equity).

23.3. Share-based payments

SHARE SUBSCRIPTION OPTION PLANS

Following the authorizations by the Annual General Meetings, the decisions of the Board of Directors, the Supervisory Board and the Management Board and based on the recommendations of the Appointments and Remuneration Committee, the Group adopted share subscription plans for its senior executives, including corporate officers.

The purpose of these options is to motivate key Group executives, reward the loyalty of the high-performing executives and associate them with the medium and long-term interests of shareholders.

Stock options are granted for a minimum unitary amount which cannot be lower than the average market price during the 20 trade days prior to the day of grant. The maximum exercise period is ten years for options granted before May 4, 2000, seven years for options granted between May 4, 2000 and April 8, 2004 and eight years for those granted since that date.

Stock options granted prior to May 12, 1999 can only be exercised after a five-year minimum term from the date they were granted. Stock options granted after May 12, 1999 can only be exercised after a four-year minimum term from the date they were granted.

The share subscription option plans of 1999 and 2002 expired respectively on May 11, 2009, June 13, 2009 and October 10, 2009 (plan granted to mark the Company's 100th year anniversary).

At its June 15, 2009 meeting, the Board of Directors granted 484,292 stock options (308 beneficiaries), at a subscription price of 65.00 euros, available for exercise from June 15, 2013 to June 15, 2017.

The total number of stock options, granted by the Board of Directors, the Supervisory Board, and the Management Board under the plans authorized by Annual General Meetings, but not exercised as of December 31, 2009 amounted, after adjustment, to 4,926,871 options or 1.86% of the share capital (average price of 67.08 euros), of which 873,704 options (average price of 68.95 euros) were granted to members of Executive Management, present within the Company as of December 31, 2009.

Out of the total number of options issued pursuant to the authorization of the Annual General Meeting of May 9, 2007, 3,852,253 options were retained for possible allotment by the Board of Directors as of December 31, 2009.

CONDITIONAL GRANT OF SHARES TO EMPLOYEES PLAN

In order to retain and further motivate talented employees and compensate their medium-term performance, an additional compensation system was set up in 2008 involving the conditional grant of shares to employees.

The tenth resolution adopted by the Extraordinary Annual General Meeting of May 9, 2007 authorized the Board of Directors to grant bonus shares to Group employees (with the exception of the Group's senior corporate officers), up to a maximum of 0.5% of the Company's share capital on the date the Board decides to grant such shares.

Under this authorization, the Board of Directors adopted two different regulations on May 7, 2008 ("France" Plan and "World" Plan) governing the conditional grant of Company shares to employee beneficiaries determined by the Board. The beneficiaries or beneficiary categories are designated by the Company's Board of Directors, according to the allocation criteria relating to their contribution to the Group's performance.

The main difference between the "France" and "World" plans is the duration of the definitive vesting period for the granted shares. For beneficiaries located in France, the definitive vesting period for the conditional grant of shares is two years followed by a two-year lock-in period. For beneficiaries located outside France, the definitive vesting period for the conditional shares is four years (no additional lock-in period).

Shares shall only be definitively granted to the beneficiary if he or she is still an employee of the Group at the end of the vesting period. Their vesting is also subject to a performance requirement:

- allocation in 2008: according to the success rate of the average growth target set for net profit (Group share) by the Board of Directors for the period in question;
- allocation in 2009: according to the success rate of the average growth target set for non-diluted earnings per share (Group share) by the Board of Directors, excluding foreign exchange impacts and exceptional events for the period in question.

The granted shares shall be either shares issued through a capital increase performed by the Company by no later than the definitive vesting date or shares bought back by the Company in the market prior to such date. The granted shares shall be of the same nature and category as those making up the Company's share capital at the date on which the plans are approved by the Board of Directors.

At its June 15, 2009 meeting, the Board of Directors decided to grant 123,186 conditional shares to employees (897 beneficiaries). Subject to the achievement of the continued service and performance requirements, these shares will be definitively vested to the beneficiaries on June 15, 2011 for the "France" Plan (with no possibility of sale prior to June 15, 2013) and June 15, 2013 for the "World" Plan.

OPTIONS GRANTED TO THE TEN EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WHO WERE GRANTED THE HIGHEST NUMBER OF OPTIONS

In 2009, 124,180 options were granted to the ten employees of the Company and its subsidiaries (excluding corporate officers) who were granted the highest number of options.

OPTIONS EXERCISED IN 2009 BY THE TEN EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

Year of grant	Number of options exercised	Average price *(in euros)*
1999	54,074	44.90
2002	161,853	56.07
2004	31,137	52.20
2005	16,947	57.01
TOTAL	**264,011**	**53.39**

OPTIONS EXERCISED IN 2008 BY THE TEN EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

Year of grant	Number of options exercised	Average price *(in euros)*
1999	20,408	45.89
2002	119,924	57.62
2004	27,252	55.04
TOTAL	**167,584**	**55.77**

NUMBER OF SHARE SUBSCRIPTION OPTIONS AND WEIGHTED AVERAGE STRIKE PRICE

	2008		2009	
	Options	Weighted average strike price *(in euros)*	Options	Weighted average strike price *(in euros)*
Total number of options outstanding as of January 1 (at the historical rate)	**6,698,700**	**65.43**	**7,066,764**	**62.06**
Options granted during the period (at the historical rate as of the date the plan was set up)	513,392	84.00	484,292	65.00
Options exercised during the period (at the historical rate in effect on each exercise date)	773,842	54.78	2,332,777	53.37
Options cancelled during the period (at the historical rate in effect on each cancellation date)			291,408	
Total number of options as of December 31 (at the historical rate) [(a)]	**7,066,764**	**62.06**	**4,926,871**	**67.08**
Of which total number of options eligible for exercise	***3,553,966***	***52.63***	***1,974,553***	***54.53***
Total number of options as of December 31	**7,066,764**	**62.06**	**4,926,871**	**67.08**
Of which total number of options eligible for exercise after adjustment	***3,553,966***	***52.63***	***1,974,553***	***54.53***

(a) The difference between the number of options not exercised as of December 31 and the number as of January 1 (the latter adjusted for the movements indicated in the table) corresponds to the expired options and the overall impact, on the date of completion, of a bonus share allotment on the number of options not exercised.

INFORMATION ON THE FAIR VALUE OF SHARE SUBSCRIPTION OPTIONS AND CONDITIONAL GRANTS OF SHARES

The Group grants stock options to senior management and some employees. Employees are also entitled to conditional grants of shares.

SHARE SUBSCRIPTION OPTIONS

In accordance with IFRS2, stock options are measured at fair value at the grant date. The fair value is estimated using the binomial mathematical valuation model.

Valuations are based on the following main underlying assumptions:

- volatility: implicit;
- risk-free interest rate: six-year zero-coupon benchmark rate on the plan issue date;
- dividend growth rate: based on the average annual growth rate observed in the past;
- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. This resignation rate is used to reflect theoretically the options which will not be exercised due to the resignation of the beneficiaries.

	2008 Plan July 9, 2008	2009 Plan June 15, 2009
Duration of the option	6 years	6 years
Fair value of the option *(in euros)*	20.49	11.42

CONDITIONAL GRANTS OF SHARES

Conditional grants of shares are measured at fair value taking into account a discount on non-transferable shares. The cost of non-transferability is measured as the cost of a strategy in two phases consisting of the forward sale of shares that cannot be transferred over a period of four years and the purchase on the spot market of the same number of shares financed by an amortizable loan with in fine capital refund.

Valuations are based on the following main underlying assumptions:

- risk-free interest rate: four-year zero-coupon benchmark rate on the plan issue date, to which a credit margin is applied in the same way as for an employee;
- dividend growth rate: based on the average annual growth rate observed in the past;

- employee resignation rate: that of individuals belonging to the same age group as the plan beneficiaries. This resignation rate is used to reflect theoretically the shares which will not be allocated due to the resignation of the beneficiaries;
- the Group's performance requirement is not considered as an underlying assumption and was deemed to have been fully achieved.

	2008 Plan 1 July 9, 2008	2008 Plan 2 July 9, 2008	2009 Plan 1 June 15, 2009	2009 Plan 2 June 15, 2009
Duration of the conditional grant	4 years	4 years	4 years	4 years
Fair value of the conditional grant *(in euros)*	80.15 [a]	74.40 [b]	47.62 [a]	53.30 [b]

(a) Conditional grant of shares to employees for beneficiaries located in France.
(b) Conditional grant of shares to employees for beneficiaries located outside France.

The expense recognized for share subscription option only includes those plans granted after November 7, 2002, which had not been vested as of January 1, 2004.

An expense of 16.2 million euros (excluding tax) was recognized for share subscription option and conditional grant of shares to employees plans in the income statement in 2009 (14.5 million euros in 2008), with a corresponding entry offset in equity.

GROUP SAVINGS PLAN

At its February 13, 2009 meeting, the Board of Directors decided to perform a share capital increase for Group employees who are members of the France Group savings plan or the International Air Liquide Group savings plan.

The subscription price was 48.67 euros for all eligible Group employees, except those from US subsidiaries, for whom the subscription price was 51.72 euros.

A total of 999,229 Air Liquide shares were subscribed, representing a total share issue of 49.0 million euros, including additional paid-in capital of 43.5 million euros.

The Group savings plans were recorded in the income statement and valued in accordance with IFRS2 “Share-based Payment”, based on the following assumptions:

- a subscription period of two weeks;
- shares blocked for a period of five years from the end of the subscription period in accordance with French law.

The recorded expense takes account of the five-year period during which shares are blocked and cannot be sold. The discount was measured taking into account the employee borrowing rate.

The expense recognized in respect of the savings plans in accordance with IFRS2 “Share-based Payment”, taking into account the discount, totaled 4.6 million euros, including additional contributions of 1.0 million euros granted by certain Group subsidiaries.

This expense is recorded in “Other expenses”.

NOTE 24 - PROVISIONS, PENSIONS AND OTHER EMPLOYEE BENEFITS

In millions of euros	As of January 1	Charge	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements [c]	As of December 31
2008									
Pensions and other employee benefits [a]	1,283.8	32.6	(128.0)		278.6	15.8		2.5	1,485.3
Restructuring plans	30.7	(1.9)	(17.3)	(0.2)		(1.0)		3.7	14.0
Guarantees and other provisions of Engineering and Construction activity	174.1	84.5	(55.7)	(30.3)		(3.5)	40.5	1.2	210.8
Dismantling	125.0		(4.6)	(0.1)	4.1	(0.1)	1.5	6.0	131.8
Other provisions [b]	208.1	27.4	(31.0)	(11.2)		(1.7)		(3.1)	188.5
Total Provisions	**1,821.7**	**142.6**	**(236.6)**	**(41.8)**	**282.7**	**9.5**	**42.0**	**10.3**	**2,030.4**
2009									
Pensions and other employee benefits [a]	1,485.3	40.1	(151.5)		123.9	(3.2)		2.6	1,497.2
Restructuring plans	14.0	20.8	(9.7)	(0.2)		1.0		(0.7)	25.2
Guarantees and other provisions of Engineering and Construction activity	210.8	59.4	(71.9)	(37.3)		(0.7)		(17.0)	143.3
Dismantling	131.8		(1.1)		5.5	2.7	0.2	16.4	155.5
Other provisions [b]	188.5	33.3	(28.2)	(10.8)		2.9		(6.4)	179.3
Total Provisions	**2,030.4**	**153.6**	**(262.4)**	**(48.3)**	**129.4**	**2.7**	**0.2**	**(5.1)**	**2,000.5**

(a) See Note 25. 2008 figures restated for the impact of the change in accounting method described in Note 2 and the accounting policies.
(b) Including provisions for tax and industrial litigation.
(c) Other movements correspond to account reclassifications and provisions for dismantling, with no impact on the consolidated statement of cash flows.

In 2009, restructuring provisions were set up for exceptional efficiency projects, including some one-off reorganization programs in numerous sites.

In 2008, the restructuring provisions utilized were primarily intended to cover the costs incurred following the decision to reorganize the Industrial Merchent activity in certain European countries.

The movements in warranty provisions were mainly related to the warranties in the Engineering and Construction activity. In 2008, the “Acquisitions related to business combination” column corresponded to the final determination of the liabilities recognized as part of business combinations in 2007.

NOTE 25 - EMPLOYEE BENEFIT OBLIGATIONS

25.1. Pension plans

The Group provides its employees with various pension plans, termination benefits, jubilees and other post-employment benefits for both active employees and retirees. The features of these plans vary according to laws and regulations applicable in each country as well as each subsidiary policy.

These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

Air Liquide and some of its French subsidiaries grant retirees and certain active employees additional benefits beyond the normal pension plans. Those benefits and plans are all based on the employee's final salary. The supplementary plans are now closed. The annual amount paid with respect to these plans cannot exceed a percentage of payroll or, in certain cases, of the pre-tax profit for the relevant companies.

IAS19 "Employee Benefits" characterizes defined contribution plans very precisely and restrictively and indicates that any plan not complying fully with the conditions required is a defined benefit plan by default.

The restricted definition given to defined contribution plan requires Air Liquide to state the retirement supplement as a defined benefit plan, despite the existence of certain limits that restrict the Company's obligations and the fact that the obligations are not of a stable and continuous nature.

This qualification as a defined benefit plan results in the recognition of a provision against future obligations.

The existence of limits on these obligations creates uncertainty in the valuation of amounts that will actually be paid to retirees. Considering the difficulty in quantifying the impact of the limits, the provision recorded corresponds to the actuarial value of the amounts to be paid out to retirees until the plan disappears, excluding the impact of these limits.

25.2. Determination of assumptions and actuarial methods

Benefit obligations are regularly valued by actuaries. These valuations are performed individually for each plan in accordance with IFRS.

The actuarial method used is the "projected unit credit method", taking into account final salary.

In accordance with the option offered by revised IAS19 "Employee Benefits", all actuarial gains and losses and adjustments arising from the asset ceiling are immediately recognized in the period in which they occur.

The actuarial assumptions (turnover, mortality, retirement age, and salary increase...) vary according to demographic and economic conditions in each country in which the plans are in place.

The discount rates used to determine the present value of the obligation are based on Government bonds or High-Quality corporate bonds, when the financial markets are sufficiently liquid, with the same duration as the obligations at the valuation date. Hence, in the Euro zone, the United States, the United Kingdom and Canada, the rates were determined using a tool developed by an independent actuary. This tool comprises several hundred minimum AA-rated private borrowings, with maturities ranging from one to around thirty years. The expected benefit flows are then discounted using a single rate equal to the weighted average rate corresponding to each maturity. Finally, the tool generates a single rate which, when applied to all expected cash flows, gives the same present value of these future cash flows.

The expected return on long-term assets is determined by taking into account, in each country, the asset allocation in the portfolio.

25.3. Obligations

Group obligations with respect to pension plans and similar benefits are shown below as of December 31, 2009:

In millions of euros	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical Plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,325.0)	(85.7)	(15.4)	(57.1)	(1,483.2)
Acquisition/transfer	7.5		(7.5)		
Expense (income) recognized	(89.0)	(9.3)	(10.9)	(4.0)	(113.2)
Employer contributions	134.5	7.5	5.7	4.1	151.8
Gains (losses) for the period	(55.7)	2.0		1.8	(51.9)
Exchange rate movements	5.9	(0.1)	(0.1)	(1.3)	4.4
Net liabilities at the end of the period	**(1,325.0)**	**(85.6)**	**(28.2)**	**(56.5)**	**(1,492.1)**
B. Expense recorded in 2009					
Service cost	27.3	4.2	2.2	0.8	34.5
Interest cost	105.2	5.4	1.2	3.3	115.1
Expected return on plan assets	(42.0)	(0.1)			(42.1)
Amortization of past service costs - benefits not vested	1.1	0.4	7.9	(0.1)	9.3
Curtailment/settlement	(2.6)	(0.6)	(0.4)		(3.6)
Expense (income) recognized	**89.0**	**9.3**	**10.9**	**4.0**	**113.2**
C. Change in present value of obligations in 2009					
DBO at the beginning of the period	1,984.5	99.1	15.4	55.9	2,154.9
Service cost	27.3	4.2	2.2	0.8	34.5
Interest cost	105.2	5.4	1.2	3.3	115.1
Employee contributions	2.7				2.7
Plan amendments	3.7	9.5	7.9	0.7	21.8
Curtailment/settlement	(2.6)	(0.6)	(0.4)		(3.6)
Acquisition/divestiture/transfer	(8.4)		8.4		
Benefit payments	(123.2)	(8.0)	(5.8)	(4.1)	(141.1)
Actuarial gains/losses	108.9	(2.1)		(1.8)	105.0
Exchange rate movements	(5.5)	0.1	0.1	1.2	(4.1)
Obligations at the end of the period	**2,092.6**	**107.6**	**29.0**	**56.0**	**2,285.2**
D. Change in plan assets in 2009					
Fair value of assets at the beginning of the period	654.3	2.9			657.2
Acquisitions/divestitures	(0.9)		0.9		
Actual return on plan assets	95.8				95.8
Employer contributions	122.2	7.1	4.5	4.1	137.9
Employee contributions	2.7				2.7
Benefit payments	(110.9)	(7.6)	(4.6)	(4.1)	(127.2)
Fair value of assets at the end of the period	**763.2**	**2.4**	**0.8**		**766.4**
E. Funded status at the end of 2009					
Present value of obligations	(2,092.6)	(107.6)	(29.0)	(56.0)	(2,285.2)
Fair value of plan assets	763.2	2.4	0.8		766.4
Loss/surplus	(1,329.4)	(105.2)	(28.2)	(56.0)	(1,518.8)
Unrecognized past service cost - benefits not vested	8.2	19.6		(0.5)	27.3
Surplus management reserve	(0.6)				(0.6)
Net liabilities	**(1,321.8)**	**(85.6)**	**(28.2)**	**(56.5)**	**(1,492.1)**
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	175.1	(3.0)		(11.0)	161.1
(Gains) and losses on obligations	108.9	(2.1)		(1.8)	105.0
(Gains) and losses on plan assets	(53.8)	0.1			(53.7)
Change in surplus management reserve	0.6				0.6
Exchange rate movements	(3.3)			0.1	(3.2)
(Gains) and losses at the end of the period	**227.5**	**(5.0)**		**(12.7)**	**209.8**

Group obligations with respect to pension plans and similar benefits are shown below as of December 31, 2008:

In millions of euros	Defined benefit plans	Retirement termination payments	Other long term benefits	Medical Plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,117.9)	(81.8)	(14.5)	(67.1)	(1,281.3)
Acquisition/transfer	(2.6)				(2.6)
Expense (income) recognized	(79.6)	(9.3)	(2.1)	(3.6)	(94.6)
Employer contributions	115.8	9.5	1.1	4.3	130.7
Gains (losses) for the period	(224.0)	(4.3)		7.8	(220.5)
Exchange rate movements	(16.7)	0.2	0.1	1.5	(14.9)
Net liabilities at the end of the period	**(1,325.0)**	**(85.7)**	**(15.4)**	**(57.1)**	**(1,483.2)**
B. Expense recorded in 2008					
Service cost	30.4	4.1	1.0	0.8	36.3
Interest cost	100.6	5.1	0.8	3.0	109.5
Expected return on plan assets	(51.6)	(0.1)			(51.7)
Amortization of past service costs - benefits not vested	1.7	0.4		(0.2)	1.9
Amortization of actuarial losses (gains)			0.3		0.3
Curtailment/settlement	(1.5)	(0.2)			(1.7)
Expense (income) recognized	**79.6**	**9.3**	**2.1**	**3.6**	**94.6**
C. Change in present value of obligations in 2008					
DBO at the beginning of the period	1,927.1	95.4	14.3	65.6	2,102.4
Service cost	30.4	4.1	1.0	0.8	36.3
Interest cost	100.6	5.1	0.8	3.0	109.5
Employee contributions	2.7				2.7
Plan amendments	1.2				1.2
Curtailment/settlement	(5.6)	(0.2)			(5.8)
Acquisition/divestiture	10.8				10.8
Benefit payments	(121.1)	(9.5)	(1.1)	(4.3)	(136.0)
Actuarial gains/losses	8.4	4.4	0.3	(7.7)	5.4
Exchange rate movements	30.0	(0.2)	0.1	(1.5)	28.4
Obligations at the end of the period	**1,984.5**	**99.1**	**15.4**	**55.9**	**2,154.9**
D. Change in plan assets in 2008					
Fair value of assets at the beginning of the period	804.1	2.5			806.6
Acquisitions/divestitures	8.2				8.2
Actual return on plan assets	(165.1)	0.4			(164.7)
Employer contributions	101.2	9.0	1.1	4.3	115.6
Employee contributions	2.7				2.7
Benefit payments	(106.5)	(9.0)	(1.1)	(4.3)	(120.9)
Settlement	(4.1)				(4.1)
Exchange rate movements	13.8				13.8
Fair value of assets at the end of the period	**654.3**	**2.9**			**657.2**
E. Funded status at the end of 2008					
Present value of obligations	(1,984.5)	(99.1)	(15.4)	(55.9)	(2,154.9)
Fair value of plan assets	654.3	2.9			657.2
Loss/surplus	(1,330.2)	(96.2)	(15.4)	(55.9)	(1,497.7)
Unrecognized past service cost - benefits not vested	5.2	10.5		(1.2)	14.5
Net liabilities	**(1,325.0)**	**(85.7)**	**(15.4)**	**(57.1)**	**(1,483.2)**
F. Actuarial (gains) and losses recognized directly in equity					
(Gains) and losses at the beginning of the period	(55.7)	(7.1)		(3.0)	(65.8)
(Gains) and losses on obligations	8.4	4.4		(7.7)	5.1
(Gains) and losses on plan assets	216.6	(0.3)			216.3
Change in surplus management reserve	(1.0)				(1.0)
Exchange rate movements	6.8			(0.3)	6.5
(Gains) and losses at the end of the period	**175.1**	**(3.0)**		**(11.0)**	**161.1**

The above amounts break down as follows by geographical area as of December 31, 2009:

In millions of euros	Obligations	Plan assets	Provisions in the balance sheet	Over (Under) funding
Europe/Africa	(1,602)	322	(1,253)	(27)
Americas	(578)	389	(189)	
Asia-Pacific	(105)	55	(50)	
TOTAL	**(2,285)**	**766**	**(1,492)**	**(27)**

The above amounts break down as follows by geographical area as of December 31, 2008:

In millions of euros	Obligations	Plan assets	Provisions in the balance sheet [a]	Over (Under) funding
Europe/Africa	(1,517)	296	(1,204)	(17)
Americas	(527)	310	(219)	2
Asia-Pacific	(111)	51	(60)	
TOTAL	**(2,155)**	**657**	**(1,483)**	**(15)**

(a) 2008 figures restated for the impact of the change in accounting method described in Note 2 and within accounting policies.

25.4. Main assumptions

The main discount rates used are as follows:

	2008	2009
Euro zone	5.6%	5.0%
Canada	6.5%	6.0%
Japan	2.0%	2.0%
Switzerland	3.1%	3.0%
United States	6.2%	6.0%
United Kingdom	5.9%	5.9%
Australia	3.6%	5.0%

Expected returns on plan assets are as follows:

	2008	2009
Euro zone	3.0% - 5.9%	4.7%
Canada	7.4%	6.7%
Japan	3.0%	3.0%
Switzerland	4.5%	4.5%
United States	8.0%	8.0%
United Kingdom	7.8%	7.6%
Australia	7.0%	7.0%

The different expected returns on plan assets per category of investment are as follows:

2009	Actions	Obligations	Others
Euro zone	6.7%	4.3%	3.9%
Canada	9.1%	4.2%	8.2%
Japan	4.0%	2.5%	
Switzerland	6.8%	3.3%	3.8%
United States	10.1%	5.2%	6.8%
United Kingdom	8.6%	5.4%	7.0%
Australia	7.8%	5.1%	7.1%

Financial asset allocation breaks down as follows (in millions of euros):

	Shares		Bonds		Real estate		Cash		Others		TOTAL	
2009	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe/ Africa	93	29.0%	148	46.1%	51	15.9%	2	0.6%	27	8.4%	321	100.0%
Americas	208	53.3%	161	41.3%	15	3.8%	3	0.8%	3	0.8%	390	100.0%
Asia-Pacific	24	43.6%	28	50.9%			2	3.6%	1	1.9%	55	100.0%
TOTAL	**325**		**337**		**66**		**7**		**31**		**766**	

	Shares		Bonds		Real estate		Cash		Others		TOTAL	
2008	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%	Amounts	%
Europe/ Africa	81	27.4%	143	48.3%	42	14.2%	2	0.7%	28	9.4%	296	100.0%
Americas	172	55.5%	126	40.7%	11	3.5%	1	0.3%			310	100.0%
Asia-Pacific	18	35.3%	29	56.9%			2	3.9%	2	3.9%	51	100.0%
TOTAL	**271**		**298**		**53**		**5**		**30**		**657**	

25.5. Breakdown of gains and losses for the period

In millions of euros	2008	2009
Experience gains and losses on present value of the obligation	18	(13)
Other gains and losses on present value of the defined obligation	(24)	(92)
Experience gains and losses on fair value of assets	(216)	54

25.6. Breakdown of experience gains and losses on assets

2009 *(In millions of euros)*	Expected return on assets	Actual return on assets	Gains and losses on assets
Europe/Africa	15.6	30.1	14.5
Americas	24.9	62.7	37.8
Asia-Pacific	1.6	3.0	1.4
TOTAL	**42.1**	**95.8**	**53.7**

2008 *(in millions of euros)*	Expected return on assets	Actual return on assets	Gains and losses on assets
Europe/Africa	17.0	(31.3)	(48.3)
Americas	32.4	(121.9)	(154.3)
Asia-Pacific	2.3	(10.9)	(13.2)
TOTAL	**51.7**	**(164.1)**	**(215.8)**

25.7. Impact of a 1% fluctuation in the inflation rate with regard to health coverage plans

	Obligation as of December 31, 2009 *(in millions of euros)*	Inflation +1%	Inflation -1%
Europe/Africa	37.0	11.4%	-9.6%
North America	19.0	5.8%	-5.1%
Asia/Pacific			

	Obligation as of December 31, 2008 *(in millions of euros)*	Inflation +1%	Inflation -1%
Europe/Africa	36.0	12.4%	-10.2%
North America	20.0	3.9%	-3.4%
Asia/Pacific			

25.8. Impact of a 0.25% decrease in discount rates

	Impact on obligations as of December 31, 2009 *(in millions of euros)*	% of total obligations as of December 31, 2009
Europe/Africa	38	2.4%
Americas	18	3.1%
Asia-Pacific	2	1.9%
TOTAL	**58**	**2.5%**

	Impact on obligations as of December 31, 2008 *(in millions of euros)*	% of total obligations as of December 31, 2008
Europe/Africa	38	2.5%
Americas	18	3.4%
Asia-Pacific	5	4.5%
TOTAL	**61**	**2.8%**

25.9. Impact of a 0.25% increase in discount rates

	Impact on obligations as of December 31, 2009 *(in millions of euros)*	% of total obligations as of December 31, 2009
Europe/Africa	(41)	-2.6%
Americas	(18)	-3.1%
Asia-Pacific	(2)	-1.9%
TOTAL	**(61)**	**-2.7%**

	Impact on obligations as of December 31, 2008 *(in millions of euros)*	% of total obligations as of December 31, 2008
Europe/Africa	(38)	-2.5%
Americas	(16)	-3.0%
Asia-Pacific	(5)	-4.5%
TOTAL	**(59)**	**-2.7%**

25.10. Impact of a 0.25% decrease in the expected return on plan assets

	Impact on the 2010 expense *(in millions of euros)*	% of the total 2010 expense
Europe/Africa	0.6	0.7%
Americas	1.0	6.9%
Asia-Pacific	0.1	2.6%
TOTAL	**1.7**	**1.7%**

	Impact on the 2009 expense *(in millions of euros)*	% of the total 2009 expense
Europe/Africa	0.5	0.6%
Americas	0.8	2.7%
Asia-Pacific	0.1	1.7%
TOTAL	**1.4**	**1.2%**

25.11. Impact of a 0.25% increase in the expected return on plan assets

	Impact on the 2010 expense *(in millions of euros)*	% of the total 2010 expense
Europe/Africa	(0.6)	-0.7%
Americas	(1.0)	-6.9%
Asia-Pacific	(0.1)	-2.6%
TOTAL	**(1.7)**	**-1.7%**

	Impact on the 2009 expense *(in millions of euros)*	% of the total 2009 expense
Europe/Africa	(0.5)	-0.6%
Americas	(0.8)	-2.8%
Asia-Pacific	(0.1)	-1.7%
TOTAL	**(1.4)**	**-1.2%**

NOTE 26 - BORROWINGS

This note provides information on the breakdown of the Group's borrowings by instrument. For further information on financial instruments and foreign exchange and interest rate risk exposure, please see Note 29.

The Air Liquide Group net indebtedness breaks down as follows:

	2008			2009		
	Carrying amount			Carrying amount		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bonds	3,739.9	32.8	3,772.7	3,671.4	546.0	4,217.4
Private placements	282.9	265.0	547.9	275.9		275.9
Commercial paper programs	353.4		353.4	179.9		179.9
Bank debt and other financial debt	1,633.0	303.7	1,936.7	1,197.7	272.9	1,470.6
Finance leases [(a)]	21.9	9.9	31.8	17.8	7.5	25.3
Put options granted to minority shareholders	174.1		174.1	186.2		186.2
TOTAL BORROWINGS (A)	**6,205.2**	**611.4**	**6,816.6**	**5,528.9**	**826.4**	**6,355.3**
Loans maturing in less than one year		25.7	25.7		16.6	16.6
Short-term marketable securities		896.5	896.5		1,061.7	1,061.7
Cash in bank		340.7	340.7		307.0	307.0
TOTAL CASH AND CASH EQUIVALENTS (B)		**1,262.9**	**1,262.9**		**1,385.3**	**1,385.3**
Fair value of derivatives (assets) [(b)]	(116.2)		(116.2)	(76.2)	(3.0)	(79.2)
Fair value of derivatives (liabilities) [(b)]	46.9		46.9			
TOTAL DERIVATIVE INSTRUMENTS RELATING TO BORROWINGS (C)	**(69.3)**		**(69.3)**	**(76.2)**	**(3.0)**	**(79.2)**
NET INDEBTEDNESS (A) - (B) + (C)	**6,135.9**	**(651.5)**	**5,484.4**	**5,452.7**	**(561.9)**	**4,890.8**

(a) See Note 15.3.
(b) Fair market value of derivative instruments hedging fixed-rate debt.

In accordance with the Group's policy to diversify funding sources, debt is divided into several types of instruments (capital markets and bank debts). Long-term bonds in the form of Euro Medium Term Notes (EMTNs) and private placements are the primary funding sources and represent 71% of gross debt as of December 31, 2009. At the end of 2009, outstanding notes under this program amounted to 4.0 billion euros (nominal amount), of which 0.4 billion euros were issued in 2009 to extend the Group's average financing term and benefit from attractive market conditions. Outstanding commercial paper, which decreased since the end of 2008, amounted to 179.9 million euros as of December 31, 2009 versus 353.4 million euros as of December 31, 2008. In accordance with the Group's policy, the outstanding commercial paper programs are backed by committed long-term credit lines.

The decrease in bank borrowings as of December 31, 2009 mainly arises from the reimbursements of credit line draw-downs in 2008 by Air Liquide Finance and L'Air Liquide S.A. and from the repayment of external financing in Japan.

The carrying amount of borrowings in the balance sheet breaks down into the issue amount, the amortized cost and fair value adjustments, as follows:

In millions of euros	2008 Issuance currency	2008 Carrying amount	2009 Issuance amount [(a)]	2009 Amortized cost adjustments [(b)]	2009 Fair value adjustments [(c)]	2009 Carrying amount [(a) + (b) + (c)]
Air Liquide Bonds (employee savings)	EUR	59.8	67.4	0.5		67.9
EMTNs	EUR	3,712.9	4,013.1	60.2	76.2	4,149.5
Total bonds		**3,772.7**	**4,080.5**	**60.7**	**76.2**	**4,217.4**
Private placements	EUR	256.1	130.0	4.8		134.8
Private placements	USD	291.8	138.8	2.3		141.1
Total private placements		**547.9**	**268.8**	**7.1**		**275.9**
Commercial paper programs	EUR and USD	353.4	180.0	(0.1)		179.9
Bank debt and other financial debt		1,936.7	1,462.2	8.4		1,470.6
Finance leases *		31.8	25.3			25.3
Put options granted to minority shareholders		174.1	186.2			186.2
Long-term borrowings		**6,816.6**	**6,203.0**	**76.1**	**76.2**	**6,355.3**

**See Note 15.3.*
(a) Nominal amount.
(b) Amortized cost including accrued interest.
(c) Fair market value of the fixed-rate debt.

26.1. Maturity of borrowings

2009	**Nominal amount**	**Carrying amount**	**Maturity**										
					≥ 1 year and ≤ 5 years				**> 5 years**				
In millions of euros			**On demand**	**< 1 year**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**>2018**
Bonds	4,080.5	4,217.4		546.0	309.1	829.1	746.2	751.3	409.3		512.0		114.4
Private placements	268.8	275.9			71.7	204.2							
Commercial paper programs [(a)]	180.0	179.9				99.9	80.0						
Bank debt and other financial debt	1,462.2	1,470.6		272.9	128.1	211.6	292.6	388.4	86.3	61.6	8.5	20.6	
Finance leases [(b)]	25.3	25.3		7.5	7.1	2.3	1.7	2.7	0.6	0.4	0.4	2.6	
Put options granted to minority shareholders	186.2	186.2	186.2										
TOTAL BORROWINGS	**6,203.0**	**6,355.3**	**186.2**	**826.4**	**516.0**	**1,347.1**	**1,120.5**	**1,142.4**	**496.2**	**62.0**	**520.9**	**23.2**	**114.4**

(a) The maturity date for outstanding commercial paper corresponds with that of the confirmed credit lines.
(b) See Note 15.3.

2008	Nominal amount	Carrying amount	Maturity										
					≥ 1 year and ≤ 5 years				> 5 years				
In millions of euros			On demand	< 1 year	2010	2011	2012	2013	2014	2015	2016	2017	>2017
Bonds	3,678.5	3,772.7		32.8	519.6	295.8	820.4	739.1	732.3			513.8	118.9
Private placements	537.4	547.9		265.0	4.4	71.9	206.6						
Commercial paper programs [(a)]	355.0	353.4					333.4	20.0					
Bank debt and other financial debt	1,926.9	1,936.7		303.7	141.8	133.1	381.2	532.1	298.4	57.1	58.1	31.2	
Finance leases [(b)]	31.8	31.8		9.9	7.0	3.9	2.3	1.8	2.8	0.8	0.2	3.1	
Put options granted to minority shareholders	174.1	174.1	174.1										
TOTAL BORROWINGS	**6,703.7**	**6,816.6**	**174.1**	**611.4**	**672.8**	**504.7**	**1,743.9**	**1,293.0**	**1,033.5**	**57.9**	**58.3**	**548.1**	**118.9**

(a) The maturity date for outstanding commercial paper corresponds with that of the confirmed credit lines.
(b) See Note 15.3

It is Group policy to spread over time the maturity of long-term debt (bonds, private placements and bank debt) in order to limit the annual refinancing needs. In the table above, the maturity date of outstanding commercial paper corresponds to that of the confirmed credit lines backing up the short commercial paper program.

26.2. Net indebtedness by currency

The Group provides a natural hedge and reduces its exposure to currency fluctuations by raising debt mainly in the currency of the cash flows that are generated to repay the debt. In countries outside the euro, US dollar and Japanese yen zones, financing is raised in either local or foreign currency (EUR or USD) when sales contracts are indexed in foreign currency. Debt in other foreign currency is mainly denominated in pound sterling and Chinese renminbi.

As part of intra-group multi-currency financing, the Central Treasury Department converts the debt raised in financial markets into various currencies to refinance subsidiaries in their functional currencies or their cash flow currencies. The breakdown of this hedging portfolio is shown in the table below.

A portion of the euro debt raised (1,374.9 million euros) was converted to other currencies to refinance foreign subsidiaries. For example, of the Group's US dollar gross debt of 987.3 million euros (934.3 million euros of net debt plus 53.0 million euros of cash), 196.7 million euros were raised directly in US dollars and 790.6 million euros were raised in euros and converted to US dollars using currency swap contracts.

2009	Gross debt - original issue	Cash and cash equivalents	Currency swaps	Ajusted net indebtedness	Non-current assets
In millions of euros					
EUR	4,759.9	(1,094.8)	(1,374.9)	2,290.2	7,347.1
USD	196.7	(53.0)	790.6	934.3	2,745.5
JPY	596.1	(13.0)	434.0	1,017.1	1,312.9
Other currencies	723.4	(224.5)	150.3	649.2	4,134.3
TOTAL	**6,276.1**	**(1,385.3)**		**4,890.8**	**15,539.8**

2008	Gross debt - original issue	Cash and cash equivalents	Currency swaps	Ajusted net indebtedness	Non-current assets [(a)]
In millions of euros					
EUR	5,004.0	(981.9)	(1,096.7)	2,925.4	7,065.0
USD	342.7	(71.7)	735.6	1,006.6	3,028.7
JPY	697.3	(12.0)	285.7	971.0	1,381.9
Other currencies	703.3	(197.3)	75.4	581.4	3,443.0
TOTAL	**6,747.3**	**(1,262.9)**		**5,484.4**	**14,918.6**

(a) 2008 figures restated for the impact of the change in accounting method described in Note 2 and within accounting policies.

26.3. Fixed-rate portion of total debt

In % of total debt		2008	2009
EUR debt	Portion of fixed-rate debt	76%	88%
	Portion of optional hedges activated	9%	
	Additional optional hedges [(a)]	15%	12%
USD debt	Portion of fixed-rate debt	32%	53%
	Portion of optional hedges activated		
	Additional optional hedges [(a)]	10%	19%
JPY debt	Portion of fixed-rate debt	83%	66%
	Portion of optional hedges activated		
	Additional optional hedges [(a)]		
Total debt	Portion of fixed-rate debt	65%	70%
	Portion of optional hedges activated	6%	
	Additional optional hedges [(a)]	10%	10%

(a) Additional optional hedges consist of non-triggered caps, which enable a maximum interest rate to be set in advance, while profiting from short-term interest rates, in return for a premium payment.

As of December 31, 2009, fixed-rate debt represented 70% of the gross debt. Including all optional hedges non activated as of December 31, 2009 up to the total amount of gross debt in each currency, the average debt hedging ratio (fixed rate + hedging options) was 80%.

The fixed-rate portion of US dollar debt increased compared to December 2008 following the set-up of fixed-rate swaps in January 2009 for a total amount of 450 million US dollars.

26.4. Breakdown of net finance costs

	2008			2009		
In millions of euros	Average outstanding debt	Net interests	Net finance cost	Average outstanding debt	Net interests	Net finance cost
EUR	2,861.0	157.9	5.5%	2,608.3	142.8	5.5%
USD	936.2	34.8	3.7%	1,048.4	43.8	4.2%
JPY	910.6	12.4	1.4%	1,009.3	19.3	1.9%
Other currencies	430.7	32.3	7.5%	735.8	44.3	6.0%
Other charges		0.8			(0.8)	
Capitalized interest [(a)]		(23.8)			(27.7)	
TOTAL	**5,138.5**	**214.4**	**4.6%**	**5,401.8**	**221.7**	**4.6%**

(a) Excluded from cost of debt by currency.

The average cost of net indebtedness remained stable in 2009 compared to 2008. The impact of the early refinancing of 2009 and 2010 debt through the issue of a bond in May 2009 was offset by the impact of the decrease in the debt rate related to debt portions not being subject to an interest rate hedge.

Two financing arrangements exceeding 50 million euros include financial covenants: private placements subscribed by the subsidiary American Air Liquide, Inc. (nominal amount of 200 million US dollars as of December 31, 2009), and a confirmed long-term credit line drawn down by Air Liquide China in the amount of 1.8 billion renminbi as of December 31, 2009. These covenants were all met as of December 31, 2009.

The financing arrangements with financial covenants accounted for 10.2% of the Group's debt as of December 31, 2009.

Furthermore, the new bond issue, realized by L'Air Liquide S.A. on May 2009 for a total of 0.4 billion euros through the EMTN program, includes a change of control clause.

26.5. Put options granted to minority shareholders

In millions of euros	2008	2009
Put options granted to minority shareholders	174.1	186.2

26.6. Other information

As indicated in Note 17.3. to the consolidated financial statements, Air Liquide's share in the debt of equity associates as of December 31, 2009, in the normal course of business, was 64.6 million euros, compared to 43.2 million euros as of December 31, 2008.

Furthermore, non-recourse factoring of receivables represented 58.1 million euros in 2009, compared to 45.2 million euros in 2008. These items do not represent risks or financial commitments for the Group.

In addition, as of December 31, 2009, a portion of borrowings was guaranteed by assets valued at 124.2 million euros (22.2 million euros as of December 31, 2008).

NOTE 27 - OTHER LIABILITIES (NON-CURRENT/CURRENT)

27.1. Other non-current liabilities

In millions of euros	2008	2009
Investment grants	101.4	96.2
Advances and deposits received from customers	78.5	90.2
Other non-current liabilities	13.5	15.0
TOTAL OTHER NON-CURRENT LIABILITIES	**193.4**	**201.4**

27.2. Other current liabilities

In millions of euros	2008	2009
Advances received	624.5	585.4
Advances and deposits received from customers	87.0	87.7
Other payables	384.6	409.0
Accruals and deferred income	418.7	361.6
TOTAL OTHER CURRENT LIABILITIES	**1,514.8**	**1,443.7**

As mentioned in Note 20 to the consolidated financial statements, amounts payable to customers under engineering contracts in the amount of 312.0 million euros were included in other current liabilities as of December 31, 2009 (390.3 million euros as of December 31, 2008).

NOTE 28 - TRADE PAYABLES

In millions of euros	2008	2009
Operating suppliers	1,748.2	1,484.7
Property, plant and equipment and intangible assets suppliers	137.6	124.3
TOTAL TRADE PAYABLES	**1,885.8**	**1,609.0**

NOTE 29 - FINANCIAL INSTRUMENTS

29.1. Carrying amount and fair value of financial assets and liabilities

The financial assets or liabilities whose carrying amount is different from their fair value are fixed-rate borrowings that are not hedged. This difference is not material.

	2008		2009	
In millions of euros	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Available-for-sale financial assets	68.5	68.5	53.0	53.0
Loans and other non-current financial assets	147.9	147.9	223.9	223.9
Fair value of non-current derivatives (assets)			146.6	146.6
Trade receivables	2,871.3	2,871.3	2,406.5	2,406.5
Fair value of current derivatives (assets)	230.7	230.7	59.3	59.3
Cash and cash equivalents	1,262.9	1,262.9	1,385.3	1,385.3
TOTAL	**4,581.3**	**4,581.3**	**4,274.6**	**4,274.6**
FINANCIAL LIABILITIES				
Non-current borrowings	6,205.2	6,370.6	5,528.9	5,728.0
Other non-current liabilities	193.4	193.4	201.4	201.4
Fair value of non-current derivatives (liabilities)			79.4	79.4
Trade payables	1,885.8	1,885.8	1,609.0	1,609.0
Current borrowings	611.4	611.4	826.4	826.4
Fair value of current derivatives (liabilities)	153.9	153.9	40.6	40.6
TOTAL	**9,049.7**	**9,215.1**	**8,285.7**	**8,484.8**

The Group's financial instruments are measured at fair value to the extent that available financial market data enables a relevant estimate of market value assuming the absence of any intention or need to liquidate.

The primary valuation methods adopted are as follows:

- non-consolidated investments not listed on a stock market and for which no market reference exists are recognized at historical cost. Impairment losses are recognized in the income statement if there is evidence of a permanent loss in value;
- as cash investments maturing in less than three months are exposed to only negligible risk of a change in value, they are recognized at historical cost (including accrued interest) which is considered to approximate fair value;
- borrowings are recognized at amortized cost using the effective interest method. Financial liabilities hedged by interest rate swaps are recognized on a hedge accounting basis;
- the fair value of trade receivables and payables of Industrial and Commercial activities is equivalent to their carrying amount, given the extremely short settlement periods.

Group policy consists to use financial derivatives only when hedging effective financial flows. As a result, most derivatives used benefit from hedge accounting. Financial derivatives that do not benefit from hedge accounting do not represent material amounts and are not speculative.

29.2. Financial policy and risk management

A. FINANCIAL RISK MANAGEMENT

Risk management is a priority for the Group. The Group's financial policy and financial risk management principles are defined and their implementation monitored by the Finance Committee. This Committee consists of members of Executive Management, the Finance Director and representatives from the Finance Department. The Finance Department manages the main financial risks centrally, based on the decisions of the Finance Committee, to which it reports on a regular basis. The Finance Department also performs the analysis of country and customer risks and provides input on these risks at Investment and Operations Committee Meetings.

The financial policy adopted by Air Liquide, the purpose of which is to minimize the risks incurred by the Group and its subsidiaries, has enabled the Group to safeguard its financing in the difficult market conditions at the beginning of 2009. As of December 31, 2009, the average debt hedging ratio (fixed rate + hedging options) was 80%, stable compared to 81% as of December 31, 2008. To minimize the refinancing risk relating to debt repayment schedules, the Group diversifies funding sources and spreads maturity dates over several years. The Group issued 400 million euros (nominal amount) over six years under the EMTN program in the second quarter of 2009 to extend the Group's average financing term while benefiting from attractive market conditions. At the 2009 year-end, the long-term debt ratio (gross debt more than one year/total gross debt) represented 87% of the total Group debt.

The interest rate and foreign currency hedging strategies validated by the Finance Committee are set up according to market opportunities with a concern for optimization, while complying with the prudence and risk limitation principles.

In connection with the financial crisis, the Group also maintained an enhance and regular vigilance regarding its bank and customer counterparty risk, with a daily monitoring of ratings and level of risk of these counterparties.

Foreign exchange risk

Principles

Financial instruments are only used to hedge transaction-based foreign exchange risk. This risk includes cash flows arising from patent royalties, technical support and dividends, and foreign currency commercial cash flows from operating entities. These commercial cash flows in foreign currencies are not significant compared to consolidated revenue on an annual basis.

Foreign exchange risk on patent royalty, technical support and dividend flows is hedged on an annual basis by the Central Treasury Department using currency forwards with a maximum term of eighteen months.

Foreign currency commercial flows of operating units are hedged by the subsidiaries as part of the annual budget process. Approximately 40 subsidiaries are exposed to foreign exchange risk. These subsidiaries mainly contract currency forwards. These operations are contracted with the internal counterparty of Air Liquide Finance. The majority of these contracts have short maturities (three to twelve months). On an exceptional basis, and when the hedge is related to a specific long-term project, the contract can have a term of up to ten years. When preparing their budget at the year-end, the subsidiaries report their foreign exchange risk exposure for the following year to the Central Treasury Department. This Department monitors the adequacy of the hedges contracted compared with the identified risks and receives an exhaustive list of all hedges in place every semester.

Impact of foreign currency fluctuations on income statement and balance sheet items

The table below shows the impact of a 1% increase in the foreign exchange rate on the following items:

In millions of euros	Revenue	% Total group	Operating income recurring	% Total group	Net profit	% Total group	Equity	% Total group
USD	15.5	0.1%	3.4	0.2%	1.5	0.1%	16.6	0.2%
JPY	9.7	0.1%	1.1	0.1%	0.3	0.0%	2.3	0.0%

The foreign currency risk sensitivity analysis shows that a 1% increase in the US dollar and the yen as of December 31, 2009 would result in changes of operating income recurring, net profit and equity as indicated above.

A 1% decrease in the above currencies as of December 31, 2009 would have the same but opposite impacts as those presented above, assuming that all other variables remained constant.

Impact of foreign currency fluctuations on derivatives

The table below shows the impact of a 1% fluctuation in hedging currency exchange rates on the recognition as of December 31, 2009 of the portfolio of foreign exchange derivatives in the Group's net profit and equity. The sensitivity of net profit and equity primarily reflects the impact of the foreign exchange swaps relating to the intra-group financing activity of the subsidiary Air Liquide Finance, the US dollar and yen forward currency hedges contracted at head office to hedge the royalties and dividend in these currencies.

	Foreign exchange risk			
	+1%		-1%	
In millions of euros	P&L impact	Equity impact	P&L impact	Equity impact
Foreign exchange derivatives	(0.1)	(7.6)	0.1	7.6

Interest rate risk

Principles

Air Liquide's interest rate risk management on its main currencies - euro, US dollar, and yen - is centralized. These currencies represent 87% of total net debt at the end of 2009. For other currencies, the Finance Department advises the subsidiaries on types of bank loans and/or hedging their foreign currency exposure in accordance with local financial market features. The Finance Committee determines the fixed-rate/floating-rate ratio for each currency and approves the hedging instruments used.

Group policy is to maintain the majority portion of total debt at fixed rates and to protect the residual balance using optional hedges. This approach enables the Group to limit the impact of interest rate fluctuations on financial expenses.

Thus, at the 2009 year-end, 70% of the gross debt was maintained at a fixed rate and 10% was protected using optional hedges. The fixed-rate/floating rate breakdown of the debt is reviewed regularly by the Finance Committee, taking into account changes in interest rates and the level of Group debt.

Impact of interest rate fluctuations on floating-rate debt

Group net indebtedness exposed to interest rate fluctuations amounted to around 961 million euros as of December 31, 2009 (gross debt adjusted for short-term securities), compared with 1,150 million euros as of December 31, 2008.

The volume decrease in the portion of the debt exposed to interest rate fluctuations was mainly due to the decrease in the Group's net indebtedness in 2009.

An increase or decrease in interest rates by 100 basis points (+ or -1%) on all yield curves would have an impact of approximately + or -9.6 million euros on the Group's annual financial charges before tax, assuming outstanding debt remains constant.

All hedging instruments used to manage interest rate and foreign exchange risk relate to identified risks.

Impact of interest rate fluctuations on derivatives

The table below shows the impact on the recognition as of December 31, 2009 of the portfolio of interest rate derivatives in the Group's net profit and equity of a fluctuation by 50 basis points in euro, pound sterling, yen, US dollar, Canadian dollar, Singapore dollar and Taiwanese dollar interest rates and by 100 basis points in Indian rupee interest rates.

	Interest rate risk			
	+0.5% (or +1%)		-0.5% (or -1%)	
In millions of euros	P&L impact	Equity impact	P&L impact	Equity impact
Interest rate derivatives [(a)]	23.2	(10.4)	11.2	(52.7)

(a) Include the issue swaps underlyings.

All hedging instruments used to manage interest rate or foreign exchange risk relate to identified risks and were set up to comply with the Group's financial policy. The impact on equity primarily stems from the fixed-rate hedging instruments subscribed by the Air Liquide Finance subsidiary. The impact on income statement mainly relates to hedging instruments, not eligible for hedge accounting under IAS39, used to fix the debt rate for subsidiaries Air Liquide America and Soxal.

Counterparty risk

Counterparty risks for Air Liquide potentially include customers and bank counterparties.

The Group's subsidiaries serve a very significant number of customers (over one million worldwide) present in extremely varied markets: chemicals, steel, refining, food, pharmaceuticals, metals, automotive, manufacturing, healthcare, research laboratories, photovoltaic, etc. The Group's leading customer represents less than 2% of revenue, the Group's 10 leading customers represent 12% of sales, and the Group's 50 leading customers represent about 25% of sales. The geographical risk is limited by the Group's permanent coverage in 75 countries on all continents. This diversity reduces customer and market risk.

To better assess its exposure, the Group has adopted procedures to regularly monitor the financial situation of its major customers and set up monthly reporting for its 120 leading customers in order to monitor the related consolidated risk.

Moreover, customer risk assessment, especially customer site quality, is an important component of the investment decision process.

Bank counterparty risk relates to the outstanding amounts of financial instruments (deposits and derivatives) and to the lines of credit contracted with each bank. Based on its financial policy, the Group requires a long-term Standard & Poor's "A" rating or a Moody's "A2" rating from its counterparties. The Group's lines of credit are also spread among several banks to avoid risk of concentration. The Finance Committee regularly checks and approves the list of financial instruments and bank counterparties.

Liquidity risk

It is Group financial policy to spread over time the maturity of long-term debt in order to avoid concentration of annual refinancing needs. This liquidity risk is also reduced by the steady cash flow generation from operations as well as the set-up of committed credit lines. The financial covenants governing the financing arrangements described in Note 26.4. do not have an impact on the Group's access to liquidity.

Outstanding French and US commercial paper amounted to 179.9 million euros as of December 31, 2009, down 173.5 million euros compared to the end of 2008. Group policy requires that commercial paper programs be backed by confirmed long-term credit lines. In 2009, this requirement was greatly met throughout the year: the amount of confirmed credit lines has always exceeded outstanding commercial paper.

When the Group makes financial investments other than bank deposits, it systematically favors monetary instruments, mainly short-term, in order to limit the risk of non-liquidity or the high volatility.

2009		**Cash flow < 1 year**		**Cash flow ≥ 1 year and ≤ 5 years**		**Cash flow > 5 year**	
In millions of euros	**Book value as of 12/31/2009**	**Interest**	**Capital refund**	**Interest**	**Capital refund**	**Interest**	**Capital refund**
Derivative instruments							
Assets							
Fair value of derivatives (assets)	205.9	92.0	28.7	198.4	512.8	19.3	189.2
Liabilities							
Fair value of derivatives (liabilities)	(120.0)	(82.9)	(34.8)	(170.7)	(501.6)	(26.1)	(182.2)
Sub-total Derivative instruments		**9.1**	**(6.1)**	**27.7**	**11.2**	**(6.8)**	**7.0**
Assets							
Loans and other non-current receivables	218.8				218.8		
Trade receivables	2,406.5		2,349.7		56.8		
Cash and cash equivalents	1,385.3	0.3	1,385.3				
Sub-total Assets		**0.3**	**3,735.0**		**275.6**		
Liabilities							
Non current borrowings	(5,528.9)	(215.3)		(653.1)	(4,009.4) [a]	(193.2)	(1,195.2)
Other non-current liabilities	(201.4)				(201.4)		
Trade and other payables	(1,609.0)		(1,602.1)		(6.9)		
Current borrowings	(826.4)	(46.6)	(810.6)				
Sub-total Liabilities		**(261.9)**	**(2,412.7)**	**(653.1)**	**(4,217.7)**	**(193.2)**	**(1,195.2)**

(a) Non current borrowings included outstanding commercial paper. The maturity date for outstanding commercial paper is the same as that of confirmed lines of credit. See Note 26.1.

2008		Cash flow < 1 year		Cash flow ≥ 1 and ≤ 5 years		Cash flow > 5 year	
In millions of euros	Book value as of 12/31/2008	Interest	Capital refund	Interest	Capital refund	Interest	Capital refund
Derivative instruments							
Assets							
Fair value of derivatives (assets)	230.7	96.2	66.6	306.3	532.4	112.9	195.2
Liabilities							
Fair value of derivatives (liabilities)	(153.9)	(84.1)	(49.6)	(275.3)	(508.4)	(127.4)	(188.0)
Sub-total Derivative instruments		**12.1**	**17.0**	**31.0**	**24.0**	**(14.5)**	**7.2**
Assets							
Loans and other non-current receivables	145.8				145.8		
Trade receivables	2,871.3		2,829.3		42.0		
Cash and cash equivalents	1,262.9	1.4	1,262.9				
Sub-total Assets		**1.4**	**4,092.2**		**187.8**		
Liabilities							
Non current borrowings	(6,205.2)	(205.6)		(711.6)	(4,127.6) [a]	(229.0)	(1,754.2)
Other non-current liabilities	(193.4)				(193.4)		
Trade and other payables	(1,885.8)		(1,885.8)				
Current borrowings	(611.4)	(46.6)	(606.8)				
Sub-total Liabilities		**(252.2)**	**(2,492.6)**	**(711.6)**	**(4,321.0)**	**(229.0)**	**(1,754.2)**

(a) Non current borrowings included outstanding commercial paper. The maturity date for outstanding commercial paper is the same as that of confirmed lines of credit. See Note 26.1.

The table above shows the future cash flows related to the main balance sheet items and financial derivatives at the two previous year-ends. The interest flows are calculated in accordance with IFRS7 and represent the interest payable for each period concerned. The interest flows relating to floating interest rate or foreign currency instruments were calculated using the closing interest and exchange rates as of December 31, 2009 and 2008. The flows relating to debt repayment obligations differ from the amount recognized in the Group's balance sheet due to the accounting treatment applied to borrowings and without taking into account hedging instruments.

The increase at the end of 2009 in outstanding cash and cash equivalents mainly corresponds to the debt issuance of 400 million euros carried out under the EMTN program in the second quarter of 2009, partially offset by the repayment of private placements due in 2009. As of December 31, 2009, the variation between outstanding non-current borrowings and outstanding current borrowings primarily reflects the switch of category for a portion of the debt to less than one year (EMTN bond issue of 500 million euros maturing in June 2010).

2009	Cash flow < 1 year			
	< 3 months		≥ 3 months and < 1 year	
In millions of euros	Interest	Capital refund	Interest	Capital refund
Derivative instruments				
Assets				
Fair value of derivatives (assets)	5.7	14.0	86.3	14.7
Liabilities				
Fair value of derivatives (liabilities)	(13.7)	(20.9)	(69.2)	(13.9)
Sub-total Derivative instruments	**(8.0)**	**(6.9)**	**17.1**	**0.8**
Liabilities				
Non-current borrowings	(30.4)		(184.8)	
Trade payables		(1,458.5)		(143.6)
Current borrowings	(5.9)	(132.0)	(40.7)	(678.6)
Sub-total Liabilities	**(36.3)**	**(1,590.5)**	**(225.5)**	**(822.2)**

2008	Cash flow < 1 year			
	< 3 months		≥ 3 months and < 1 year	
In millions of euros	Interest	Capital refund	Interest	Capital refund
Derivative instruments				
Assets				
Fair value of derivatives (assets)	0.3	23.4	95.9	43.2
Liabilities				
Fair value of derivatives (liabilities)	(0.3)	(3.1)	(83.8)	(46.5)
Sub-total Derivative instruments		**20.3**	**12.1**	**(3.3)**
Liabilities				
Non-current borrowings	(24.2)		(181.4)	
Trade payables		(1,670.7)		(215.1)
Current borrowings	(14.1)	(175.4)	(32.5)	(431.4)
Sub-total Liabilities	**(38.3)**	**(1,846.1)**	**(213.9)**	**(646.5)**

The table above shows the future cash flows maturing in less than one year relating to the main balance sheet items and derivative instruments. The interest and repayment flows relating to current borrowings maturing in less than three months correspond to bank overdrafts and a portion of the short-term borrowings recorded at the 2009 year-end. The interest and repayment flows relating to current borrowings maturing in more than three months and less than one year include short-term debt and the portion of the Group's long-term debt that matures in less than one year.

Hierarchy of financial instruments fair value

In millions of euros	2008	2009
Level 1	**68.5**	**53.0**
Available-for-sale financial assets (listed shares)	68.5	53.0
Level 2	**384.6**	**325.9**
Fair value of non-current derivatives (assets)		146.6
Fair value of current derivatives (assets)	230.7	59.3
Fair value of non-current derivatives (liabilities)		79.4
Fair value of current derivatives (liabilities)	153.9	40.6
Level 3	**174.1**	**186.2**
Put options granted to minority shareholders	174.1	186.2

Commodity risk (energy contracts)

Most of Air Liquide's energy supplies are obtained through forward purchase contracts at a fixed or indexed price.

IAS39 provides for the inclusion within its scope of forward purchases and sales of non-financial assets, once these transactions are deemed similar to derivative instruments.

However, IAS39 considers that forward contracts for non-financial assets should not be considered as derivatives when they have been entered into to meet the Company's "normal" business requirements, resulting in the delivery upon maturity of the underlying for use in the Company's industrial process. As Air Liquide does not purchase electricity or natural gas for the purposes of speculation or arbitrage on commodity price trends, no forward contracts relating to energy meet the definition of a derivative instrument. These contracts were entered into as part of the Company's normal business for use in the industrial process.

Furthermore, in a global context of highly volatile electricity and natural gas market prices, created by market deregulation, Air Liquide continues to index long-term customer contracts to hedge these risks. For natural gas and electricity prices, the opening of some markets led the Group, under these circumstances, to replace the price indices used during the regulated period by indices relevant to each local market. In parallel, Air Liquide has optimized its policy for the supply of electricity and gas. This policy enables the Group to offer the best possible terms to its customers, safely and with transparency, as it is based on reliable and efficient sources of supply.

There nonetheless remain certain isolated contracts, for which price indexation alone cannot guarantee a total and effective hedge of energy price fluctuation risks. These risks are, therefore, hedged by Air Liquide using appropriate commodity derivatives.

The fair value recognition of these derivative instruments had no material impact on Group equity or profits as of December 31, 2009.

B. INFORMATION ON DERIVATIVE INSTRUMENTS

Impact of the fair value recognition of derivative instruments on the balance sheet:

2009		Assets					Equity and Liabilities							
				Fair value of derivatives								Fair value of derivatives		
In millions of euros	IFRS classi-fication	Defer-red tax assets	Trade recei-vables	Assets - non current	Assets - current	Total	Net income recognized in equity	Profit for the period	Defer-red tax liabi-lities	Borro-wings	Trade paya-bles	Liabi-lities - non current	Liabi-lities current	Total
Foreign exchange risk														
Currency forwards hedging future cash flows	CFH [a]	4.4			15.8	20.2	(0.5)	1.4	4.8				14.5	20.2
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH [b]	18.7	0.4	54.4	7.5	81.0		0.1	18.9	47.5	0.8		13.7	81.0
Other derivatives	[c]	5.8			17.2	23.0		0.2	5.9	16.9 [e]				23.0
Currency embedded derivatives and Cross Currency Swaps	NIH [d]	12.9		16.0	9.7	38.6	(8.4)	0.9	7.7			30.9	7.5	38.6
Interest rate risk														
Interest rate swaps and Cross Currency Swaps	FVH [b]	6.6		76.2	3.0	85.8		1.9	7.6	76.3				85.8
Swaps and options	NIH [d]	0.2				0.2	(0.4)					0.6		0.2
Swaps and options	CFH [a]	16.8				16.8	(30.7)	(0.9)				47.9	0.5	16.8
Other derivatives	[c]	1.5			6.0	7.5		1.0	2.1				4.4	7.5
Commodity risk (energy)														
Forwards hedging future cash flows	CFH [a]				0.1	0.1	0.1							0.1
TOTAL		**66.9**	**0.4**	**146.6**	**59.3**	**273.2**	**(39.9)**	**4.6**	**47.0**	**140.7**	**0.8**	**79.4**	**40.6**	**273.2**

(a) CFH: Cash Flow Hedge.
(b) FVH: Fair Value Hedge.
(c) Derivative instruments not benefiting from hedge accounting.
(d) NIH: Net Investment Hedge.
(e) Financial instrument not recognized as a hedging instrument under IAS39.

2008		Assets				Equity and Liabilities						
In millions of euros	**IFRS classification**	**Deferred tax assets**	**Trade receivables**	**Fair value of derivatives (assets)**	**Total**	**Net income recognized in equity**	**Profit for the period**	**Deferred tax liabilities**	**Borrowings**	**Trade payables**	**Fair value of derivatives (liabilities)**	**Total**
Foreign exchange risk												
Currency forwards hedging future cash flows	CFH [a]	13.3		46.9	60.2	(3.8)	5.3	14.3			44.4	60.2
Currency forwards hedging transactions recorded in the accounts and Cross Currency Swaps	FVH [b]	12.6	1.7	71.1	85.4		(0.4)	12.4	61.9	2.2	9.3	85.4
Other derivatives	[c]			24.1	24.1				24.1 [e]			24.1
Currency embedded derivatives and Cross Currency Swaps	NIH [d]	2.7		34.1	36.8	17.4	0.1	10.2	(39.4)		48.5	36.8
Interest rate risk												
Interest rate swaps and Cross Currency Swaps	FVH [b]	14.9		47.0	61.9		(1.5)	14.2	49.2			61.9
Swaps and options	NIH [d]	1.3			1.3	(2.9)					4.2	1.3
Swaps and options	CFH [a]	12.1			12.1	(27.2)	(1.1)				40.4	12.1
Other derivatives	[c]	2.1		7.3	9.4		0.3	2.2			6.9	9.4
Commodity risk (energy)												
Forwards hedging future cash flows	CFH [a]			0.2	0.2						0.2	0.2
TOTAL		**59.0**	**1.7**	**230.7**	**291.4**	**(16.5)**	**2.7**	**53.3**	**95.8**	**2.2**	**153.9**	**291.4**

(a) CFH: Cash Flow Hedge.
(b) FVH: Fair Value Hedge.
(c) Derivative instruments not benefiting from hedge accounting.
(d) NIH: Net Investment Hedge.
(e) Financial instrument not recognized as a hedging instrument under IAS39.

The Group records the accounting impacts arising from derivative hedging of highly probable future cash flows as CFH. The accounting impacts recorded as FVH correspond to the derivative hedging of items that have already been recognized.

The impacts recognized as NIH in 2009 correspond to foreign exchange transactions performed by the Group in connection with its dividend hedging policy and the set-up of intra-group yen financing in 2007.

Interest-rate repricing schedule for fixed-rate debt and interest-rate risk hedging instruments

2009				Interest rates repricing dates		
In millions of euros	Currency of issue	Carrying amount	Nominal amount outstanding	< 1 year	≥ 1 year and ≤ 5 years	> 5 years
Original issue - left at fixed rate	EUR	2,311.0	2,311.0	313.5	1,196.0	801.5
Interest rate swaps hedges	EUR		540.0		360.0	180.0
Caps hedges	EUR		775.0	500.0	150.0	125.0
Original issue - left at fixed rate	USD	143.5	143.5		143.5	
Interest rate swaps hedges	USD		420.2		374.1	46.1
Caps hedges	USD		104.1	34.7	69.4	
Original issue - left at fixed rate	JPY	270.8	270.8	0.4	1.2	269.2
Interest rate swaps hedges	JPY		405.5		405.5	

2008				Interest rates repricing dates		
In millions of euros	Currency of issue	Carrying amount	Nominal amount outstanding	< 1 year	≥ 1 year and ≤ 5 years	> 5 years
Original issue - left at fixed rate	EUR	1,851.8	1,851.8	2.6	1,318.8	530.4
Interest rate swaps hedges	EUR		612.8	315.3	197.5	100.0
Caps hedges	EUR		775.0	200.0	450.0	125.0
Original issue - left at fixed rate	USD	222.3	222.3	143.7	78.6	
Interest rate swaps hedges	USD		123.3		82.0	41.3
Caps hedges	USD		107.8		107.8	
Original issue - left at fixed rate	JPY	281.6	281.6	1.5	121.6	158.5
Interest rate swaps hedges	JPY		471.5		451.7	19.8

NOTE 30 - RELATED PARTY INFORMATION

30.1. Transactions with companies included in the scope of consolidation

The consolidated financial statements include the financial statements of L'Air Liquide S.A. and all the subsidiaries listed in the table shown on pages 202 to 204. L'Air Liquide S.A. is the Group's Parent.

Due to the activities and legal organization of the Group, only transactions with associates and proportionately consolidated companies are considered to be related party transactions. Transactions performed between these companies and Group subsidiaries are not material.

Information on associates is disclosed in Note 17 to the Consolidated financial statements.

CONTRIBUTION TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT OF PROPORTIONATELY CONSOLIDATED COMPANIES (100%)

In millions of euros	2008	2009
Non-current assets	356	309
Current assets	73	64
Total assets	**429**	**373**
Equity	219	182
Non-current liabilities	135	133
Current liabilities	75	58
Total equity and liabilities	**429**	**373**
Revenues	268	256
Net operating expenses	(217)	(199)
Net finance costs	(6)	(6)
Profit before tax	45	51
Income taxes	(9)	(10)
PROFIT FOR THE PERIOD	**36**	**41**

30.2. Remuneration allocated to members of the Board of Directors and management bodies

The remuneration of Group executives includes the remuneration allocated to the Board of Directors and the Company's management bodies as compensation for their duties within the entire Group as employees and corporate officers for the respective fiscal years. The Company's management bodies include all the members of Executive Management and the Executive Committee. The expenses recognized in this respect are as follows:

In thousands of euros	2008	2009
Short-term benefits	9,948	10,135
Post-employment benefits: pension and health coverage	1,288	1,185
Termination benefits	905	70
Share-based payments	4,151	4,296
TOTAL	**16,292**	**15,686**

SHORT-TERM BENEFITS

Short-term benefits include fixed remuneration, variable remuneration, benefits in-kind and directors' fees. The entire variable portion of remuneration due for any given year is paid the following year after the financial statements are approved.

The remuneration policy for members of the executive team takes into account market practices. It includes a substantial variable portion based on earnings and individual performance objectives.

POST-EMPLOYMENT BENEFITS

Post-employment benefits include the contributions paid to external pension funds for members of Executive Management and the Executive Committee. Retirement commitments for executives and former executives totaled 34,975 thousand euros in 2009 and 49,174 thousand euros in 2008.

SHARE-BASED PAYMENTS

The stock options held by members of Executive Management and the Executive Committee have the following expiry dates and strike prices:

Year	Expiry date	Strike price *(in euros)*	Number 2008	Number 2009
2003			No option granted	
2004 (April 08)	04/07/11	52.20	236,224	204,245
2004 (November 30)	11/29/12	54.12	36,311	36,311
2005	03/20/13	57.01	233,131	216,184
2006	03/19/14	69.41	274,728	281,990
2007 (May 09)	05/08/15	83.18	225,510	237,612
2008 (July 09)	07/08/16	84.00	244,200	252,560
2009 (June 15)	06/14/17	65.00		248,000

The fair value of options granted in 2009, adjusted for the share split, and determined according to IFRS2 amounted to 11.42 euros per option (20.49 euros per option in 2008). These amounts are expensed over the option's vesting period. The amounts that will be recognized in future periods in respect of the granted options totaled 7,613 thousand euros as of December 31, 2009 (9,078 thousand euros as of December 31, 2008).

Stock options granted to corporate officers and Executive Committee members have the same characteristics as those granted to all option beneficiaries in the Group.

The total number of stock options previously granted to Alain Joly (Director) was exercised in 2009 and he no longer held any options as of December 31, 2009. All these stock options were granted to him prior to 2001, as Chairman and Chief Executive Officer of the Company.

The total number of stock options granted to Jean-Claude Buono between November 2001 and December 2007, as Management Board member, or as Senior Executive Vice-President, not exercised as of December 31, 2009, amounted to 162,992 options (adjusted) at an average price of 64.6 euros. Jean-Claude Buono was appointed as a Director at the combined Annual General Meeting of May 7, 2008.

No options were granted to other non-executive Directors under these plans.

NOTE 31 - COMMITMENTS

Commitments are given in the normal course of the Group's business.

In millions of euros	2008	2009
Firm purchase orders for fixed assets	906.0	471.8
Lease commitments which cannot be terminated	441.9	427.0
IT systems outsourcing in the United States	7.0	6.0
Other commitments related to Operating activities	130.4	136.8
Commitments relating to financing operations	54.1	38.8
TOTAL	**1,539.4**	**1,080.4**

Firm purchase orders for fixed assets decreased due to the economic slowdown.

Furthermore, the Group has energy purchase commitments in the amount of 827 million euros as of December 31, 2009 (833 million euros as of December 31, 2008). The commitments are hedged by mutual commitments received from customers under long-term gas supply contracts.

OPERATING LEASES

Assets used in Industrial activities are leased under an operating lease when the acquisition of such assets does not present any economic benefit. The primary assets included are utility vehicles and transport equipment.

The Group has neither contingent rental commitments, nor sublease contracts.

Future minimum lease payments payable as of December 31, 2009, under operating leases which cannot be terminated are as follows:

In millions of euros	2,008	2009
Due within 1 year	111	114
Due in 1 to 5 years	247	236
Due after 5 years	84	77
TOTAL	**442**	**427**

NOTE 32 - CONTINGENT LIABILITIES

To the best of the Group's knowledge, there are no exceptional events, litigation or environmental-related issues likely to impact or have impacted in the recent past its assets, financial position or earnings.

NOTE 33 - GREENHOUSE GAS EMISSION RIGHTS

As with the Kyoto Protocol, the European directive establishing a quota system for greenhouse gas emissions in the European Union is intended to reduce the emissions of these gases. Implementation for CO2 in the industrial sector began on January 1, 2005. In 2004, each country incorporated the directive into its legislation and set quotas for the facilities concerned. The annual quotas allocated to Air Liquide (approximately 1.2 million tons of CO2 per year for the period from 2005 to 2007) had covered the emissions of 2007.

For the second period (2008 to 2012) of this directive, the allowances allocated to Air Liquide (around 2.9 million tons of CO2 per year) covered the emissions of 2008 and 2009.

No asset or liability was recognized as of December 31, 2009. The income received from the sale of rights in 2009 was immaterial.

NOTE 34 - POST-BALANCE SHEET EVENTS

There were no significant post-balance sheet events.

MAIN CONSOLIDATED COMPANIES AND FOREIGN EXCHANGE RATES

L'Air Liquide S.A. assumes a part of the Group's operating activities in France. It also owns directly or indirectly financial investments in its subsidiaries. L'Air Liquide S.A. mainly receives, from its subsidiaries, dividends and royalties.

L'Air Liquide S.A. assumes treasury centralization for some French subsidiaries.

Main changes occurring in 2008

In millions of euros	**Impact on 2009 revenue**
Total impact on scope	41.7
A) Acquisitions and disposals	
Change in scope impacts in 2009	
Acquisitions:	
■ Al-Khafrah Industrial Gases (Saudi Arabia) acquired by Air Liquide Middle East & North Africa (United Arab Emirates)	4.5
■ Comcare Medical B.V. (Netherlands) acquired by VitalAire B.V. (Netherlands)	3.1
■ Other	6.4
Disposals:	
■ Dow Fort Saskatchewan Cogeneration Project (Canada)	
Change in scope impacts in 2008	
Acquisitions:	
■ The Chemical Management division of Edwards acquired by Air Liquide Electronics US LP (United States), Air Liquide Far Eastern Ltd (Taiwan) and Singapore Oxygen Air Liquide Pte Ltd (Singapore)	9.1
■ Pure Helium Group: Helium Saudi Co. Ltd (Saudi Arabia); Pure Helium Egypt Ltd (Egypt); Pure Helium Gulf FZE (United Arab Emirates); Pure Helium India Pvt. Ltd (India) acquired by Air Liquide Middle East & North Africa (United Arab Emirates)	8.4
■ Ascogas Ltd (New Zealand) acquired by Air Liquide Australia Ltd (Australia)	0.3
■ AST Service GmbH acquired by Air Liquide Deutschland GmbH (Germany)	0.4
■ Sever Liquide Gas OOO acquired by Air Liquide OOO (Russia)	1.1
■ Air Liquide Dominicana S.A. (Dominican Republic) acquired by Air Liquide International	2.0
■ Other	1.1
Disposals:	
■ Other	-7.6
B) Changes in consolidation method	
Middle East and Africa	
■ Société Gabonaise d'Oxygène et d'Acétylène (Gabon): from equity method to full consolidation	7.7
■ Société d'Oxygène et d'Acétylène du Liban Sal (Liban): from equity method to proportionate method	3.3
■ Other	1.9

C) Companies created and/or newly consolidated in the scope without scope impact on revenue
Europe
■ Air Liquide CZ, s.r.o. (Czech Republic)
■ Air Liquide SLOVAKIA, s.r.o. (Slovak Republic)
Middle East and Africa
■ Air Liquide Arabia LLC (Saudi Arabia)
■ Air Liquide Syria LLC (Syria)
Asia-Pacific
■ Air Liquide Dongying Co., Ltd (China)
■ Air Liquide Yulin Co., Ltd (China)
D) Mergers, acquisitions and disposals without scope impact on revenue
Europe
■ Merger of Carolox with Air Liquide Industries Belgium (Belgium)
Middle East and Africa
■ Merger of Air Liquide 6th of October and Air Liquide 10th of Ramadan in Air Liquide Misr (Egypt)
Asia-Pacific
■ Merger of Ascogas with Air Liquide New Zealand Ltd (New Zealand)

Currency rates

PRIMARY CURRENCY RATES USED

Average rates

Euros for 1 currency	2008	2009
USD	0.68	0.72
CAD	0.64	0.63
Yen (1,000)	6.64	7.69

Closing rates

Euros for 1 currency	2008	2009
USD	0.72	0.69
CAD	0.59	0.66
Yen (1,000)	7.93	7.51

FINANCIAL STATEMENTS 4
Consolidated financial statements

Main consolidated companies

- Industrial Merchant
- Large Industries
- Healthcare
- Electronics
- Other: Gas related activities and Holdings

Companies newly consolidated in the 2009 scope are shown in blue.

	L'AIR LIQUIDE S.A.	100%	
	AIR LIQUIDE INTERNATIONAL	100%	
	AIR LIQUIDE INTERNATIONAL CORP. (United States)	100%	

EUROPE

FRANCE

	Air Liquide Electronics Materials	100%	
	Air Liquide Electronics Systems	100%	
	Air Liquide Engineering	100%	
	Air Liquide Finance	100%	
	Air Liquide Hydrogène	100%	
	– Belle Étoile Hydrogène	100%	
	Air Liquide Innovation	100%	
	– ETSA	99.91%	
	Air Liquide Participations	100%	
	Air Liquide Santé (International)	100%	
	– Air Liquide Santé Domicile	100%	
	– Air Liquide Santé France	100%	
	• Air Liquide Santé Services S.A.	100%	
	• Omasa France	100%	E
	– Btl S.A.	66%	
	• Farmec Nuova S.r.l. (Italy)	52.80%	
	• Hydenet S.A. (France)	65.96%	
	• Laboratoires Anios S.A. (France)	66%	
	• Unident S.A. (Switzerland) and Unident SARL (France)	66%	
	– Pharmadom (Orkyn')	100%	
	– Air Liquide Medical Systems S.A. (ex Taema)	100%	
	– VitalAire	100%	
	– Celki International Ltd and its subsidiaries (Hong Kong)	100%	
	Air Liquide Services	100%	
	– Groupe Athelia (France)	100%	
	– Kéops (Canada)	100%	
	Air Liquide Stockage	100%	
	Altal	100%	
	AXANE	100%	
	Aqualung International and its subsidiaries (Europe, United States, Japan)	98.36%	
	Azérus	100%	
	Chemoxal and its subsidiaries (France, Europe, United States and China) including	100%	
	– Société d'Exploitation de Produits pour les Industries Chimiques	99.95%	
	Cryolor	100%	
	Cryopal	100%	
	GIE Cryospace	55%	
	Société Anonyme Française Péroune	99.94%	E
1	Société des Gaz Industriels de France	100%	
	– Fabriques d'Oxygène du Sud-Ouest Réunies	100%	
	– Belle Étoile Utilité	100%	
	Société Immobilière de L'Air Liquide	99.99%	
	Société Industrielle de Cogénération de France	100%	
	– Cogenal	99.99%	
	– Figenal	60%	
	– Lavéra Énergies	50%	P
	• Lavéra Utilités	50%	P
	Société Industrielle des Gaz de l'Air	100%	
	Sorgal	99.99%	E
	Sudac Air Services	100%	

	Air Liquide Welding S.A.	100%	
	– Oerlikon Schweisstechnick GmbH (Germany)	100%	
	– Oerlikon Schweisstechnick AG (Switzerland)	100%	
	– Air Liquide Welding France (France)	100%	
	– Fluigétec (France)	100%	
	– Fro S.r.l. (Italy)	100%	
	– Isaf S.p.A. (Italy)	100%	
	– Air Liquide Welding UK Limited (United Kingdom)	100%	
	AL-RE	100%	
	Hélium Services	100%	

EUROPE EXCLUDING FRANCE

	Air Liquide Industriegase GmbH & Co. KG (Germany)	100%	
2	– Air Liquide Deutschland GmbH (Germany)	100%	
	• Air Liquide Electronics GmbH (Germany)	100%	
	• Air Liquide Medical GmbH (Germany)	100%	
	• AST Service GmbH (Germany)	100%	
	• Buse Gase GmbH & Co. KG (Germany)	51%	
	• Cryotherm GmbH & Co. KG (Germany)	100%	
	• EVC Dresden-Wilschdorf GmbH & Co. KG	40%	
	• INTEGA GmbH and its subsidiaries (Germany, Hungary and Portugal)	100%	
	• Schülke & Mayr GmbH (Germany) and its subsidiaries	100%	
	• TGHM GmbH & Co. KG (Germany)	50%	P
	• Zweite EVC Dresden-Wilschdorf GmbH & Co. KG (Germany)	50%	
	• VitalAire GmbH (Germany)	100%	
	- Fabig-Peters Medizintechnik GmbH & Co. KG (Germany)	100%	
	- Holm Medizintechnik GmbH (Germany)	100%	
	- Jonas Medizintechnik Handels GmbH (Germany)	100%	
	- Nord Service Projects GmbH (Germany)	100%	
	- Renz Medizintechnik Handels GmbH (Germany)	100%	
	- Werner & Müller Medizintechnik Service GmbH (Germany)	100%	
	- Zuther & Hautmann GmbH & Co. KG (Germany)	100%	
	– Lurgi AG and its subsidiaries (Europe, Asia)	100%	

	Air Liquide Austria (Austria)	100%	
	Air Liquide Bulgaria EOOD (Bulgaria)	100%	
3	Air Liquide Danmark A.S. (Denmark)	100%	
	Air Liquide Eurotonnage (France)	100%	
4	– Air Liquide Large Industry S.A. (Belgium)	100%	
5	– Air Liquide Industries Belgium (Belgium)	100%	
	• Hydrowal (Belgium)	100%	
	Hydrofel (Belgium)	100%	
	Air Liquide Hellas Société Anonyme de Gaz Industriels (Greece)	99.78%	
	– Allertec S.A. (Greece)	50.89%	
6	Air Liquide Industrie B.V. (Netherlands)	100%	
	– Air Liquide Nederland B.V. (Netherlands)	100%	
	• Air Liquide B.V. (Netherlands)	100%	
7	- Lamers High Tech Systems B.V. (Netherlands)	100%	
	- Scott Specialty Gases Netherlands B.V. (Netherlands)	100%	
	- VitalAire B.V. (Netherlands)	100%	
	Comcare Medical B.V. (Netherlands)	100%	
	• Oxylux S.A. (Luxembourg)	100%	
	– Air Liquide Technische Gassen B.V. (Netherlands)	100%	
	– Air Liquide Warmtekracht B.V. (Netherlands)	100%	
	– Loofbeen B.V. (Netherlands)	100%	
	– Maasvlakte Energie B.V. (Netherlands)	100%	
	Air Liquide Ipari Gaztermelo Kft (Hungary)	100%	
	Air Liquide Katowice Sp (Poland)	79.25%	
	Air Liquide Polska Sp (Poland)	100%	
	Air Liquide Progetti Italia S.p.A. (Italy)	100%	
	Air Liquide Norway (Norway)	100%	
	Air Liquide CZ, s.r.o. (Czech Republic)	100%	
	Air Liquide Romania S.r.l. (Romania)	100%	
	Air Liquide Russia S.A. (France)	100%	
	– Air Liquide OOO (Russia)	100%	
	• Air Liquide Ryazan OOO (Russia)	100%	
	• Sever Liquide Gas OOO (Russia)	100%	
	– CJSC Air Liquide Severstal (Russia)	75%	
	Air Liquide SLOVAKIA, s.r.o. (Slovak Republic)	100%	
	Air Liquide UK Ltd (United Kingdom)	100%	
	– Air Liquide Ltd (United Kingdom)	100%	
	• Air Liquide South East Ltd (ex Allied Respiratory) (United Kingdom)	100%	
	Carba Holding AG (Switzerland)	100%	
8	– Carbagas S.A. (Switzerland)	70%	
	Oy Polargas A.B. (Finland)	100%	
9	Sociedade Portuguesa do Ar Liquido (Portugal)	99.93%	
	– Air Liquide Medicinal S.A. (Portugal)	99.85%	

	Air Liquide Belge S.A. (Belgium)	99.95%	
10	– Air Liquide Belgium S.A. (Belgium)	99.97%	
11	– Air Liquide Benelux S.A. (Belgium)	99.97%	
	– Air Liquide Medical S.A. (Belgium)	99.95%	
	– Fléron Gaz Médicaux Services (Belgium)	99.95%	
	Air Liquide Gas A.B. (Sweden)	100%	
	– Aiolos Medical A.B. (Sweden)	100%	
	Air Liquide Italia S.p.A. (Italy)	99.77%	
	– ITO Service S.r.l. (Italy)	69.84%	
	– Vitalaire Italia S.p.A. (Italy)	99.77%	
	– Air Liquide Sanità Service S.p.A. (Italy)	99.77%	
	– Air Liquide Italia Service S.r.l.	99.77%	
	– Tecno Gas S.r.l. (Italy)	50.88%	
	Air Liquide Luxembourg S.A. (Luxembourg)	99.97%	
	AL Air Liquide España S.A. (Spain)	99.89%	
	– Air Liquide Medicinal SL (Spain)	99.89%	

AMERICAS

	American Air Liquide, Inc. (United States) and its main subsidiaries:	100%	
12	– American Air Liquide Holdings, Inc. (United States)	100%	
	• Air Liquide Advanced Technologies US LLC (United States)	100%	
	• Air Liquide America L.P. LLC (United States)	100%	
	• Air Liquide America Speciality Gases LLC (United States)	100%	
	• Air Liquide Electronics US LP (United States)	100%	
	• Air Liquide Healthcare America Corporation (United States)	100%	
	• Air Liquide Helium America, Inc. (United States)	100%	
	• Air Liquide Industrial US LP (United States)	100%	
	• Air Liquide Large Industries US LP (United States)	100%	
	• Air Liquide Process & Construction, Inc. (United States)	100%	
	• Air Liquide USA LLC (United States)	100%	
	• ALIG Acquisition LLC (United States)	100%	
	• Lurgi, Inc. (United States)	100%	
	• Air Liquide Canada, Inc. (Canada)	100%	
	- VitalAire Canada, Inc. (Canada) and its subsidiaries	100%	
	Air Liquide Argentina (Argentina)	100%	
	Air Liquide Chile S.A. (Chile)	100%	
	Air Liquide Dominicana S.A. (Dominican Republic)	100%	
13	Air Liquide Spatial (Guyana)	98.80%	
	Air Liquide Trinidad and Tobago Ltd (Trinidad and Tobago)	100%	
	Air Liquide Uruguay (Uruguay)	93.70%	
	Arliquido Comercial Ltda (Brazil)	100%	
	– Air Liquide Brasil Ltda (Brazil)	100%	
	La Oxigena Paraguaya S.A. (Paraguay)	87.89%	
	Neal & Massy Gas products Ltd (Trinidad and Tobago)	42.71%	E
	Société des Gaz Industriels de la Guadeloupe (Guadeloupe)	95.88%	
	Société Guyanaise de L'Air Liquide (Guyana)	97.04%	
26	Société Martiniquaise de L'Air Liquide (Martinique)	95.77%	

MIDDLE EAST AND AFRICA

	Air Liquide Engineering Southern Africa Ltd (South Africa)	100%	E

	Air Liquide Maroc (Morocco)	74.80%	
	Air Liquide Middle East (France)	100%	
	– Air Liquide Arabia LLC (Saudi Arabia)	55%	E
	– Air Liquide Syria LLC (Syria)	99%	E
	– Air Liquide Sohar Industrial Gases L.L.C. (Oman)	50.11%	
	– Gasal (Qatar)	40.00%	E
	– Shuaiba Oxygen Company KSC (Kuweit)	49.62%	P
	– Société d'Oxygène et d'Acétylène du Liban Sal (Lebanon)	49.93%	P
	– Air Liquide Alexandria (Egypt)	100%	
	– Air Liquide El Soukhna (Egypt)	100%	
	– Air Liquide Middle East & North Africa (United Arab Emirates)	100%	
	• Helium Saudi Co.Ltd (Saudi Arabia)	100%	
	• Pure Helium Egypt Ltd (Egypt)	100%	
	• Pure Helium Gulf FZE (United Arab Emirates)	100%	
	• Pure Helium India Pvt. Ltd (India)	97.50%	
	• Air Liquide Al-Khafrah Industrial Gases (Saudi Arabia) (ex-Al-Khafrah)	75 %	
	– Air Liquide Misr (Egypt)	100%	
	Air Liquide Nigeria plc (Nigeria)	61.11%	E
	Air Liquide Proprietary Limited (South Africa)	96.15%	
	– Air Liquide Botswana Proprietary Limited (Botswana)	93.27%	
	– Fedgas Proprietary Limited (South Africa)	96.15%	
	Air Liquide Tunisie (Tunisia)	59.17%	
	L'Air Liquide Ghana Ltd (Ghana)	100%	E
	Société Béninoise des Gaz Industriels (Benin)	99.97%	E
	Société Burkinabe des Gaz Industriels (Burkina-Faso)	64.88%	E
	Société Camerounaise d'Oxygène et d'Acétylène (Cameroon)	100%	E
	Société Congolaise des Gaz Industriels (Congo)	100%	E
	Société d'installations et de Diffusion de matériel Technique S.P.A. (Algeria)	100%	E
14	Société d'Oxygène et d'Acétylène de Madagascar (Madagascar)	73.73%	E
	Société Gabonaise d'Oxygène et d'Acétylène (Gabon)	80%	
	Société Ivoirienne d'Oxygène et d'Acétylène (Ivory Coast)	72.08%	
	Société Malienne des Gaz Industriels (Mali)	99.97%	
	Société Marocaine de Technique et d'Industrie (Morocco)	49.99%	E
	Société Sénégalaise d'Oxygène et d'Acétylène (Senegal)	79.63%	E
	Société Togolaise des Gaz Industriels (Togo)	70.58%	E

ASIA-PACIFIC

15	Daesung Industrial Gases Co., Ltd (South Korea)	40%	E

	Société d'Oxygène et d'Acétylène d'Extrême-Orient (France)	100%	
	– Air Liquide Philippines Inc. (Philippines)	100%	
	• Air Liquide Pipeline Utilities Services Inc. (Philippines)	100%	
	– Air Liquide Thailand Ltd (Thailand)	100%	
	• Eastern Industrial Gases Ltd (Thailand)	100%	
	– Air Liquide Vietnam Co., Ltd (Vietnam)	100%	
	– Brunei Oxygen (Sultanate of Brunei)	50%	E
	– P. T. Air Liquide Indonesia (Indonesia)	100%	
	– Singapore Oxygen Air Liquide Pte Ltd and its subsidiaries (Singapore)	100%	
	Air Liquide Engineering South Asia (Singapore)	100%	
	Air Liquide Beijing Co., Ltd (China)	100%	
	Air Liquide China Holding Co., Ltd (China)	100%	
	– Air Liquide Cangzhou Co., Ltd (China)	100%	
	– Air Liquide Changshu Co., Ltd (China)	100%	
	– Air Liquide Dalian Co., Ltd (China)	100%	
	– Air Liquide Dongying Co., Ltd (China)	100%	
	– Air Liquide Electronics Material Zhangjiagang Co., Ltd (China)	100%	
	– Air Liquide Nanjing Co., Ltd (China)	100%	
	– Air Liquide Qingdao 2 Co., Ltd (China)	100%	
	– Air Liquide Qingdao Co., Ltd (China)	100%	
	– Air Liquide Rizhao Co., Ltd (China)	100%	
	– Air Liquide Tangshan Co., Ltd (China)	100%	
	– Air Liquide Tianjin Bin Hai Co., Ltd (China)	100%	
	– Air Liquide Tianjin Yongli Co., Ltd (China)	55%	
	– Air Liquide TPCC Gases Co., Ltd (China)	50%	
	– Air Liquide Wuhan Co., Ltd (China)	100%	
	– Air Liquide Wuxi Industrial Gas Co., Ltd (China)	100%	
	– Air Liquide Yulin Co., Ltd (China)	100%	
	– Air Liquide Zhangjiagang Co., Ltd (China)	100%	
	– Air Liquide Zhangjiagang Industry Gas Co., Ltd (China)	100%	
	– Air Liquide Zhejiang Co., Ltd (China)	100%	
	– Beijing Hi-Tech Air Gases Co., Ltd (China)	50%	P
	– SCIPIG (China)	50%	P
	Air Liquide Engineering Services Asia Co., Ltd (China)	100%	
	Air Liquide Hangzhou Co., Ltd (China)	100%	
16	Air Liquide Nantong Co., Ltd (China)	100%	
	Air Liquide Peng Pu Co., Ltd (China)	100%	
17	Air Liquide Shanghai Co., Ltd (China)	100%	
18	– Air Liquide Pudong Co., Ltd (China)	100%	
	– Wuxi High Tech Gases Co., Ltd (China)	50%	P
19	Air Liquide Shanghai International Trading Co., Ltd (China)	100%	
20	Air Liquide Shenyang Teisan Co., Ltd (China)	100%	
21	Air Liquide Tianjin Co., Ltd (China)	100%	
	Air Liquide Wuxi Co., Ltd (China)	100%	
22	Air Liquide Electronics Systems Asia (Taiwan)	100%	E
23	Air Liquide Far Eastern Ltd (Taiwan)	65%	
	Air Liquide Engineering India (India)	60%	
	Air Liquide India Holding Pvt. Ltd. (India)	100%	
24	Air Liquide Korea (South Korea)	100%	
	Esqal (New Caledonia)	99.97%	
	Gaz de Polynésie (French Polynesia)	100%	
	Air Liquide Réunion (La Réunion)	94.99%	

25	Air Liquide Australia Ltd (Australia)	100%	
	– Air Liquide New Zealand Ltd (New Zealand)	100%	
	– Air Liquide Healthcare P/L (Australia)	100%	
	– Air Liquide W.A. Pty Ltd (Australia)	60%	
	Air Liquide Asia - Pacific (Japan)	100%	
	– Air Liquide Japan Ltd (Japan) and its main subsidiaries:	100%	
	• A-TEC Co., Ltd K.K. (Japan)	60%	
	• Toshiba Nano Analysis K.K. (Japan)	51%	
	• Vital Air Japan K.K. (Japan)	100%	

Air Liquide Group's interest, as of December 31, 2009 in:

1 Société des Gaz Industriels de France (France):

100% including 65,13% held by L'Air Liquide S.A. et 34,87% by Société Industrielle des Gaz de l'Air.

2 Air Liquide Deutschland GmbH (Germany):

100% including 92,48% held by Air Liquide Industriegase GmbH & Co. KG and 7,52% by Air Liquide International.

3 Air Liquide Danmark A.S. (Denmark):

100% including 43,01% held by Air Liquide International Corp. and 56,99% by Air Liquide International.

4 Air Liquide Large Industry S.A. (Belgium):

100% including 74,26% held by Air Liquide Eurotonnage and 25,74% by Air Liquide International.

5 Air Liquide Industries Belgium (Belgium):

100% including 53,51% held by Air Liquide Eurotonnage and 46,49% by Air Liquide International.

6 Air Liquide Industrie B.V. (Netherlands):

100% including 55,37% held by Air Liquide Eurotonnage and 44,63% by Air Liquide International.

7 Lamers High Tech Systems B.V. (Netherlands):

100% including 51% held by Air Liquide B.V. and 49% by Air Liquide Electronics Systems.

8 Carbagas S.A. (Switzerland):

70% including 40% held by Carba Holding AG and 30% by Air Liquide International.

9 Sociedade Portuguesa do Ar Liquido (Portugal):

99,93% including 74% held by Air Liquide International and 25,93% by L'Air Liquide S.A.

10 Air Liquide Belgium S.A. (Belgium):

99,97% including 50,01% held by Air Liquide Belge S.A. (99,95% held by the Group) and 49,99% by Air Liquide International.

11 Air Liquide Benelux S.A. (Belgium):

99,97% including 50,01% held by Air Liquide Belge S.A. (99,95% by the Group) and 49,99% by Air Liquide International.

12 American Air Liquide Holdings, Inc. (United States):

100% including 97,33% held by American Air Liquide, Inc. (United States) and 2,67% held by Carba Holding AG (Switzerland).

13 Air Liquide Spatial (French Guiana):

98,80% including 54,79% held by Air Liquide International, 30% held by Société Guyanaise de l'Air Liquide (97,04% by the Group) and 14,93% by Air Liquide Italia S.p.A. (99,77% by the Group).

14 Société d'Oxygène et d'Acétylène de Madagascar (Madagascar):

73,73% including 66,74% held by Air Liquide International and 7,36% by Air Liquide Réunion (95,01% by the Group).

15 Daesung Industrial Gases Co., Ltd (South Korea):

40% including 20% held by L'Air Liquide S.A. and 20% by Air Liquide Japan Ltd.

16 Air Liquide Nantong Co., Ltd (China):

100% including 90% held by Air Liquide International and 10% by Air Liquide China Holding Co.,Ltd.

17 Air Liquide Shanghai Co., Ltd (China):

100% including 81,36% held by Air Liquide International, 10% by Air Liquide China, and 8,64% by Air Liquide Japan Ltd.

18 Air Liquide Pudong Co., Ltd (China):

100% including 75% held by Air Liquide Shanghai Co., Ltd and 25% by Air Liquide Japan Ltd.

19 Air Liquide Shanghai International Trading Co., Ltd (China):

100% including 90% held by Air Liquide International and 10% by Air Liquide China Holding Co.,Ltd.

20 Air Liquide Shenyang Teisan Co., Ltd (China):

100% including 50% held by Air Liquide International and 50% by Air Liquide Japan Ltd.

21 Air Liquide Tianjin Co., Ltd (China):

100% including 90% held by Air Liquide International and 10% by Air Liquide China Holding Co.,Ltd.

22 Air Liquide Electronics Systems Asia (Taiwan):

100% including 60,61% held by Air Liquide Electronics Systems (France) and 39,39% by Air Liquide International.

23 Air Liquide Far Eastern Ltd (Taiwan):

65% including 32,83% held by Air Liquide International and 32,17% by Air Liquide Japan Ltd.

24 Air Liquide Korea (South Korea):

100% including 50% held by Air Liquide International and 50% by Air Liquide Japan Ltd.

25 Air Liquide Australia Ltd (Australia):

100% including 79,74% held by Air Liquide International Corp. and 20,26% by Air Liquide International.

26 Société Martiniquaise de l'Air Liquide (Martinique)

95,77% including 73,31% held by Air Liquide International and 22,46% by Air Liquide S.A..

Companies marked with **P** are consolidated by proportionate method and those marked with **E** by the equity method. Other companies are fully consolidated.

The total Group interest is given after the name of each company.

Voting rights are not different from the percentages of ownership held.

Remuneration of statutory auditors and their network

Fees reported in 2008 and 2009 by the Air Liquide Group for engagements awarded to the Statutory Auditors related to audit services were as follows:

	2009							
In thousands of euros	Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,022	74,2%	3,580	92,6%	578	34,9%	9,180	74,7%
Issuer	553		493		0		1,046	
Fully consolidated subsidiaries	4,469		3,087		578		8,134	
Other statutory audit engagements	724	10,7%	285	7,4%	3	0,2%	1,012	8,2%
Issuer	81		86		0		167	
Fully consolidated subsidiaries	643		199		3		845	
TOTAL OF AUDIT SERVICES	**5,746**	**84,9%**	**3,865**	**100,0%**	**581**	**35,1%**	**10,192**	**82,9%**

	2008							
In thousands of euros	Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,291	80,8%	3,480	90,6%	608	46,4%	9,379	80,2%
Issuer	465		555		0		1,020	
Fully consolidated subsidiaries	4,826		2,925		608		8,359	
Other statutory audit engagements	355	5,4%	359	9,4%	9	0,7%	723	6,2%
Issuer	111		94		0		205	
Fully consolidated subsidiaries	244		265		9		518	
TOTAL OF AUDIT SERVICES	**5,646**	**86,2%**	**3,839**	**100,0%**	**617**	**47,1%**	**10,102**	**86,3%**

Statutory Auditors' Report
on the consolidated financial statements

(Free translation of a French language original)

This is a free translation into English of the Statutory Auditors' Report on the consolidated financial statements issued in the French language and it is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group's management report. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2009

To the Shareholders,

In compliance with the assignment entrusted to us by your annual shareholders' meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying consolidated financial statements of L'Air Liquide S.A.;
- the justification of our assessments;
- the specific verification required by French law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes verifying, by audit sampling and other selective testing procedures, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have gathered in order to form our opinion is adequate and relevant.

In our opinion, the consolidated financial statements present a true and fair view of the assets and liabilities the financial position of the Group as of December 31, 2009 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to the note "accounting principles" of the consolidated financial statements which sets out the change in accounting method relating to the recognition of employee benefits and the new IFRS, interpretations and amendments whose application is mandatory as of January 1, 2009, and notably the amendment to IAS1 "Presentation of financial statements".

II - Justification of assessments

In accordance with the requirements of article L. 823-9 of French Commercial Code (Code de Commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- Goodwill ais subject to impairment tests performed in accordance with the principles set out in paragraph 5.F of the consolidated financial statements relating to accounting policies. We have reviewed the soundness of the chosen approach and the assumptions used for these impairment tests and we carried out the assessment of the reasonableness of these estimates, and have ensured that the information given in the note 13.2 to the consolidated financial statements is appropriate.
- we have reviewed the methodology used to recognize "provisions, pensions and other employee benefits", as well as the assumptions used for their estimation. We ensured that such provisions were recognized in accordance with the principles set out in paragraphs 11.A and 11.B of the consolidated financial statements relating to accounting policies and that the information given in the note 25 to the of the consolidated financial statements is appropriate.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation our audit opinion expressed in the first part of this report.

III - Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense and Courbevoie, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Olivier Breillot	Frédéric Allilaire

Statutory accounts of the parent company

BALANCE SHEET

For the year ended December 31

In millions of euros	As of December 31, 2008 Net	As of December 31, 2009 Gross	Depreciation, amortization and provision	Net
ASSETS				
Intangible assets	**47.2**	**228.5**	**182.4**	**46.1**
Tangible assets				
Land	25.9	42.5	17.0	25.5
Real estate units - Additional value arising from revaluation		2.0	2.0	
Buildings	33.8	86.9	56.0	30.9
Plant, machinery and equipment	73.7	299.3	231.8	67.5
Recyclable sales packaging	2.6	4.8	1.1	3.7
Other tangible assets	17.1	64.0	49.0	15.0
Tangible assets under construction	7.4	5.3		5.3
Payments on account - tangible assets	0.5	0.5		0.5
	161.0	**505.3**	**356.9**	**148.4**
Financial Investments				
Equity investments	8,926.3	9,087.9	55.4	9,032.5
Loans to equity affiliates	1.2	1.2		1.2
Other long-term investment securities	88.5	114.9	14.4	100.5
Loans	2.5	4.7	2.6	2.1
Other long-term investments	2.8	93.7		93.7
	9,021.3	**9,302.4**	**72.4**	**9,230.0**
Total non-current assets	**9,229.5**	**10,036.2**	**611.7**	**9,424.5**
Inventories and work-in-progress				
Raw materials and other supplies	8.5	7.3	0.2	7.1
Work-in-progress	3.7	4.1		4.1
Semi-finished and finished goods	39.0	38.8	2.6	36.2
	51.2	**50.2**	**2.8**	**47.4**
Prepayments and advances paid to suppliers	**2.7**	**2.7**		**2.7**
Trade receivables				
Trade receivables and related accounts	431.2	320.5	11.7	308.8
Other receivables	711.3	687.9	2.9	685.0
	1,142.5	**1,008.4**	**14.6**	**993.8**
Company treasury shares		**2.3**		**2.3**
Other short-term financial investments	**17.8**	**42.5**		**42.5**
Cash	**8.7**	**2.1**		**2.1**
Prepayments and miscellaneous	**4.2**	**3.2**		**3.2**
	1,227.1	**1,111.4**	**17.4**	**1,094.0**
Loan issue premiums	**1.6**	**2.5**		**2.5**
Bond redemption premiums	**1.7**	**1.2**		**1.2**
Unrealized foreign exchange losses	**0.7**	**0.6**		**0.6**
TOTAL ASSETS	**10,460.6**	**11,151.9**	**629.1**	**10,522.8**

In millions of euros	As of December 31, 2008 Before approval of the financial statements	As of December 31, 2009 Before approval of the financial statements	After approval of the financial statements
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1,435.1	1,453.4	1,453.4
Additional paid-in capital	18.4	171.8	171.8
Revaluation reserve	25.5	25.5	25.5
Reserves:			
■ Legal reserve	133.3	143.5	145.3
■ Tax-driven reserves	307.8	307.8	307.8
■ General reserve	1.2	1.2	1.2
■ Contingency reserve	69.5	69.5	69.5
■ Depreciation or amortization fund	2.3	2.3	2.3
■ Translation reserve	7.7	7.7	7.7
Retained earnings	298.1	380.1	585.3
Net profit for the year	695.1	816.2	
Sub-total			**2,769.8**
Accelerated depreciation	42.6	45.5	45.5
Other tax-driven provisions	0.1	0.0	0.0
	3,036.7	**3,424.5**	**2,815.3**
Provisions			
Provisions for contingencies	14.3	16.3	16.3
Provisions for losses	30.5	31.3	31.3
	44.8	**47.6**	**47.6**
Liabilities			
Other bonds	1,643.4	2,053.5	2,053.5
Bank borrowings	700.8	273.5	273.5
Other borrowings	60.0	68.0	68.0
Prepayments received from customers	48.6	59.9	59.9
Trade payables and related accounts	388.0	285.5	285.5
Tax and employee-related liabilities	376.7	435.2	435.2
Amounts payable in respect of fixed assets and related accounts	4.4	4.2	4.2
Other amounts payable	4,126.8	3,840.6	3,840.6
Dividends			609.2
Deferred income and miscellaneous	**30.1**	**29.5**	**29.5**
	7,378.8	**7,049.9**	**7,659.1**
Unrealized foreign exchange gains	**0.3**	**0.8**	**0.8**
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	**10,460.6**	**10,522.8**	**10,522.8**

INCOME STATEMENT

For the year ended December 31

In millions of euros	2008	2009
Operating revenue		
Sales of:		
■ Goods	1,145.3	1,040.5
■ Services and related activities	552.2	519.3
Net revenue	**1,697.5**	**1,559.8**
Change in inventories of goods and services	(11.3)	(1.6)
Production of assets capitalized	13.6	7.1
Operating subsidies	2.8	2.8
Provision reversals	15.8	14.5
Expense reclassifications	16.4	0.7
Other revenues	287.0	275.9
Sub-total	**324.3**	**299.4**
Total I	**2,021.8**	**1,859.2**
Operating expenses		
Purchases of raw materials and other supplies	211.4	192.5
Change in inventories of raw materials and supplies	(3.3)	3.6
Other purchases	531.8	433.0
External charges	491.0	424.6
Duties and taxes other than corporate income tax	38.3	39.9
Wages, salaries and provisions for paid vacation	271.7	274.0
Social security contributions and similar charges	200.5	206.4
Depreciation, amortization and impairment losses:		
■ On non-current assets: depreciation, amortization and impairment losses	49.1	37.2
■ On current assets: charges to provisions	13.0	9.5
For contingencies and losses: charges to provisions	3.4	4.4
Other charges	13.4	8.6
Total II	**1,820.3**	**1,633.7**
Net operating profit/(loss) (I-II)	**201.5**	**225.5**

In millions of euros	2008	2009
Financial income		
Financial income from equity affiliates	810.1	661.2
Revenues from other marketable securities and long-term loans	22.2	26.6
Other interest and similar income		
Reversals of impairment and provisions	7.2	2.2
Foreign exchange gains	4.9	3.3
Capital gains on short-term financial investments	0.9	0.4
Total III	**845.3**	**693.7**
Financial expenses		
Amortization, impairment and provisions	3.4	1.8
Interest and similar charges	299.5	191.0
Foreign exchange losses	5.9	2.0
Total IV	**308.8**	**194.8**
Net profit/(loss) from financial items (III-IV)	**536.5**	**498.9**
Net profit/(loss) from ordinary activities before tax (I-II+III-IV)	**738.0**	**724.4**
Exceptional income		
Exceptional income from non-capital transactions	22.1	92.7
Exceptional income from capital transactions	161.3	185.0
Reversals of impairment and provisions	24.8	37.6
Total V	**208.2**	**315.3**
Exceptional expenses		
Exceptional charges on non-capital transactions	18.2	6.8
Exceptional charges on capital transactions	177.0	196.3
Exceptional depreciation, amortization, impairment and provisions	43.7	7.9
Total VI	**238.9**	**211.0**
Net exceptional items (V-VI)	**(30.7)**	**104.3**
Statutory employee profit-sharing	**3.3**	**3.1**
Corporate income tax	**8.9**	**9.4**
NET PROFIT FOR THE YEAR	**695.1**	**816.2**

NOTES

1 Preliminary note: Refund claim for the equalization charge

On March 6, 2009, L'Air Liquide S.A. initiated legal proceedings at the Administrative Court in order to get the refund of equalization charge paid for the years 2000 to 2004.

Pursuant to the constant jurisprudence of the European Court of Justice, a portion of this refund claim has been recognized:

- in the balance sheet assets as a receivables in "Other long-term investments" for 91.3 million euros;
- in the income statement as:
  - "Exceptional income from non-capital transactions" for the amount of the refund claim (71.7 million euros);
  - "Revenues from other long-term loans" for the amount of the interest on arrears (19.6 million euros).

2 Accounting policies

2.1. GENERAL PRINCIPLES

The balance sheet and income statement of L'Air Liquide S.A. have been prepared in accordance with the French General Chart of Accounts *(Plan Comptable Général)* and the French Commercial Code.

2.2. NON-CURRENT ASSETS

A. Intangible assets

Internally generated intangible assets primarily include the development costs of information management systems. They are capitalized only if they generate probable future economic benefits. Internal and external costs corresponding to detailed application design, programming, the performance of tests and the drafting of technical documentation intended for internal or external use are capitalized.

Significant maintenance and improvement costs are added to the initial cost of assets if they specifically meet the capitalization criteria.

Other intangible assets include separately acquired intangible assets such as software, licenses, certain businesses and intellectual property rights and are measured at acquisition cost.

Intangible assets are amortized according to the straight-line method over their estimated useful lives.

B. Tangible assets

Land, buildings and equipment are recognized at historical cost, with the exception of items of property, plant and equipment acquired prior to December 31, 1976 which are stated at their revalued amount on this date, under the provisions of Law 76-1232 of December 29, 1976. Interim interest expense is not included in the cost.

Where appropriate, the costs of dismantling or retiring an asset are added to the initial cost of the asset and a provision is recognized to cover such costs.

Where components of a tangible asset have different useful lives, they are accounted for separately and depreciated over their own useful lives.

Depreciation is computed according to the straight-line method over their estimated useful lives as follows:

- buildings: 20 years;
- cylinders: 10 to 20 years;
- plants: 15 to 20 years;
- pipelines: 15 to 35 years;
- other equipment: 5 to 15 years.

Land is not depreciated.

C. Impairment of intangible and tangible assets

The Company assesses at each closing date whether there is any indication of impairment loss of intangible and tangible assets. If such indications exist, an impairment test is performed to assess whether the carrying amount of the asset exceeds its present value, which is defined as the higher of its fair value less costs to sell and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value as this would be done for an investment decision.

When the present amount of an asset is lower than its net carrying amount, an impairment loss is recognized in the income statement. When the present value exceeds the carrying amount, the previously recognized impairment is reversed to the income statement.

D. Equity investments

Equity investments are recognized at their initial amount on the entry date, with the exception of those subject to a revaluation as provided by Law 76-1232 of December 29, 1976. Acquisition costs that are not representative of market value are expensed.

When the carrying amount, determined using the criteria normally adopted for the measurement of equity investments (capital value, net asset value), is lower than the gross amount, an impairment loss is recognized for the difference.

E. Treasury shares

When the Company purchases its own shares, they are recognized at cost as treasury shares in other long-term investment securities. The gains or losses on disposals of treasury shares contribute to the net profit for the year.

However, shares allocated for the purpose of implementing plans for free grants of shares are reclassified to a "Short-term financial investments - Company treasury shares" caption at the balance sheet value on the date of allotment.

A provision is recorded over the rights vesting period to cover the future charge relating to the remittance of current shares when the performance criteria can be determined with certainty. Conversely, the amount corresponding to the maximum performance level is presented in off-balance sheet commitments.

When the purchase cost of shares is higher than their valuation based on the average share price during the last month of the fiscal year, treasury shares earmarked for cancellation or allocated for the purpose of implementing plans for free grants of shares are not impaired.

2.3. INVENTORIES AND WORK-IN-PROGRESS

Raw materials, supplies and goods are primarily measured at weighted average cost.

Work-in-progress and finished goods are measured at production cost calculated using a standard cost adjusted for annual cost variances. Production costs include direct and indirect production expenses.

A provision is recognized for inventories and work-in-progress when the estimated realizable amount is lower than cost.

Regarding the costs of research carried out under contracts signed with the French State or third parties, those costs assumed by the Company give rise to an impairment loss at year-end.

2.4. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables are measured at historical cost less provisions.

Provisions are recognized when it becomes probable that the amount due will not be collected and the loss can be reasonably estimated. Allowances are valued by taking into account historical losses, age and a detailed risk estimate.

2.5. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated at the exchange rate prevailing on the transaction date, with the exception of forward hedging transactions that are translated at the hedging rate.

At year-end, the difference arising from the translation of receivables and payables, not subject to a forward hedge and denominated in a foreign currency, are recognized in suspense accounts in assets and liabilities ("Unrealized foreign currency gains or losses").

Unrealized foreign exchange losses are subject to a contingency provision.

2.6. PROVISIONS

Provisions are recognized when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

A provision for onerous contracts is recognized when the expected benefits from the contract are lower than the cost of meeting the obligations under the contract.

2.7. FINANCIAL INSTRUMENTS

Gains or losses relating to financial instruments used in hedging transactions are determined and recognized in line with the recording of income and expenses on the hedged items.

When the financial instruments used do not constitute hedging transactions, the losses resulting from their year-end fair value measurement are recognized in the income statement. Pursuant to the prudence principle, unrealized gains are not recognized in the income statement.

2.8. POST-EMPLOYMENT BENEFITS

The Company applies CNC recommendation 2003-R01 related to the recognition and measurement of retirement benefits and similar obligations.

The Company provides its employees with various pension plans, termination benefits, jubilees (awards based on years of service) and other post-employment benefits for both active employees and retirees. These benefits are covered in two ways:

- by so-called defined contribution plans;
- by so-called defined benefit plans.

Defined contribution plans are plans under which the employer's sole obligation is to pay regular contributions. The employer does not grant any guarantee on the future level of benefits paid to the employee or retiree ("means-based obligation"). The annual pension expense is equal to the contribution paid during the fiscal year which relieves the employer from any further obligation.

Defined benefit plans are those by which the employer guarantees the future level of services defined in the agreement, most often depending on the employee's salary and seniority ("result-based obligation"). Defined benefit plans can be:

- either financed by contributions to a fund specialized in managing the contributions paid;
- or managed internally.

The Company grants both defined benefit and defined contribution plans.

In the case of defined benefit plans, retirement and similar obligations are measured by independent actuaries, according to the projected unit credit method. The actuarial calculations mainly take into account the following assumptions: salary increases, employee turnover, retirement date, expected salary trends, mortality, inflation and appropriate discount rates (5.00% as of December 31, 2009).

Actuarial gains and losses exceeding the greater of 10% of the obligations or 10% of the fair value of plan assets at the beginning of the reporting period are amortized over the expected average working lives of the plan participants.

In accordance with the option offered by CRC recommendation 2003-R01, the Company maintained its previous practices: obligations related to retirement termination benefits and jubilees are accrued whereas retirement obligations related to defined benefit plans are not recorded but are disclosed in the notes.

2.9. REVENUE RECOGNITION

A. Revenue from the sale of goods and services

Revenue from the sale of goods is recognized when the risks and rewards of ownership have been transferred to the buyer.

Revenue associated with delivery of services is recognized depending on the stage of completion of the project at the balance sheet date, when this can be reliably measured.

B. Engineering and Construction contracts

Revenue from construction contracts, its related costs and margin are recognized using the completed contract method.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

2.10. TAX CONSOLIDATION

L'Air Liquide S.A. has set up a tax consolidation group with the French subsidiaries that it holds by more than 95%, directly or indirectly, as defined by Article 223 A of the French General Tax Code.

Each company calculates its tax provision as if it was taxed separately. L'Air Liquide S.A., as head of the tax consolidation group, recognizes as an expense the tax corresponding to its own profits and recognizes in a balance sheet current tax account the impact of restatements and eliminations performed when determining taxable profit as a whole and the tax deferrals of companies with losses.

2.11. RESEARCH AND DEVELOPMENT EXPENDITURES

Development costs shall be recognized as assets if and only if the Company can demonstrate all of the following:

- the project is clearly identified and the related costs are individualized and reliably monitored;
- the technical feasibility of completing the intangible asset so that it will be available for use or sale is demonstrated;
- there is a clear intention to complete the intangible asset and use or sell it;
- it is probable that the project will generate future economic benefits for the Company.

It is considered that the conditions required by accounting standards for the capitalization of development costs are not met, since expenditures do not systematically result in the completion of an intangible asset that will be available for use or sale.

As a result, the development costs incurred by the Company in the course of its Research and Development projects are expensed as incurred.

3 Notes on information relating to statutory accounts

3.1. INTANGIBLE AND TANGIBLE ASSETS

Changes in gross value break down as follows:

In millions of euros	Gross value as of January 1, 2009	Additions	Disposals	Gross value as of December 31, 2009
Intangible assets				
Concessions, patents, licenses	83.5	6.3	(0.9)	88.9
Other intangible assets	136.0	5.6	(2.0)	139.6
TOTAL	**219.5**	**11.9**	**(2.9)**	**228.5**
Tangible assets				
Land	41.5	1.6	(0.6)	42.5
Real estate units - Additional value arising from revaluation	2.1		(0.1)	2.0
Buildings	88.2	2.0	(3.3)	86.9
Plant, machinery and equipment	297.2	6.8	(4.7)	299.3
Recyclable sales packaging	3.3	1.7	(0.2)	4.8
Other tangible assets	64.4	3.7	(4.1)	64.0
Tangible assets under construction	7.4	2.6	(4.7)	5.3
Payments on account - tangible assets	0.5	0.4	(0.4)	0.5
TOTAL	**504.6**	**18.8**	**(18.1)**	**505.3**

Changes in depreciation and impairment losses break down as follows:

In millions of euros	Depreciation, amortization and impairment losses as of January 1, 2009	Depreciation and amortization	Decreases, disposals, scrappings	Reversal of Impairment losses	Depreciation, amortization and impairment losses as of December 31, 2009
Intangible assets	172.3	12.2	(2.1)		182.4
Tangible assets	343.6	25.0	(11.7)		356.9
TOTAL	**515.9**	**37.2**	**(13.8)**	**(0.0)**	**539.3**

Notes:
Depreciation and amortization expenses totaled 37.2 million euros in 2009.
With respect to disposals, retirements, accumulated amortization of -13.8 million euros has been reversed.

3.2. FINANCIAL INVESTMENTS

Changes in gross value break down as follows:

In millions of euros	Gross value as of January 1, 2009	Increases	Decreases	Gross value as of December 31, 2009
Equity investments				
Companies operating in France	6,740.6	274.3	(80.1)	6,934.8
Companies operating outside of France	2,253.1	6.2	(106.2)	2,153.1
Total	8,993.7	280.5	(186.3)	9,087.9
Loans to equity affiliates	1.2			1.2
Other long-term investment securities	124.3	102.5	(111.9)	114.9
Loans	5.0	0.6	(0.9)	4.7
Other long-term investments	2.8	91.3	(0.4)	93.7
TOTAL	**9,127.0**	**474.9**	**(299.5)**	**9,302.4**

Notes:

(a) The increase in equity investments operating in France was mainly due to:

- *the capital increase of the subsidiary Air Liquide International for 270.0 million euros;*
- *the purchase of securities of the subsidiaries Air Liquide Electronics Materials for 2.8 million euros and Carbonique Française Azote et Produits Chimiques - CAPEC for 1.4 million euros.*

(b) The increase in equity investments operating outside France is explained by the exchange of Company treasury shares for shares of Société Martiniquaise de L'Air Liquide (6.2 million euros).

(c) The decrease in equity investments operating in France was mainly due to:

- *the disposal of securities of the subsidiary Fabriques d'Oxygène du Sud-Ouest Réunies for -59.9 million euros;*
- *the buyback by Air Liquide Participations of its treasury shares for -20.1 million euros in order to cancel them.*

(d) The decrease in equity investments operating outside of France was due to:

- *the reimbursement equity of the subsidiary Air Liquide Industriegase GmbH & Co. KG for -100.0 million euros;*
- *the disposal of securities of the subsidiary Société Martiniquaise de L'Air Liquide for -6.2 million euros.*

(e) The change in other long-term investment securities corresponds to:

- *the acquisition and sale of Company treasury shares under the liquidity contract implemented pursuant to the 4th resolution of the Combined Annual Shareholders' Meetings of May 7, 2008 and May 7, 2009, for 102.5 million euros and -101.4 million euros respectively;*
- *a decrease via the exchange of Company treasury shares amounting to -8.0 million euros (-6.3 million euros after impairment), for shares of Société Martiniquaise de L'Air Liquide;*
- *the reclassification of 28,000 Company treasury shares in "short-term financial investments - Company treasury shares" caption in the amount of -2.4 million euros (-2,3 million euros after impairment). This operation followed the Chairman and Chief Executive Officer's decision, as delegated by the Board of Directors, to allocate the shares for the implementation of plans for free grants of shares.*

(f) The change in other long-term investments mainly corresponds to the receivable linked to the refund claim of equalization charge paid for the years 2000 to 2004 for 71.7 million euros and 19.6 million euros as interest on arrears.

In accordance with the provisions of Article L. 233-6 of the French Commercial Code, the Company performed the following transactions in 2009:

- disposal of the 99.75% stake in Fabriques d'Oxygène du Sud-Ouest Réunies;
- purchase and disposal of the 22.06% stake in Société Martiniquaise de L'Air Liquide.

3.3. SHAREHOLDERS' EQUITY

As of December 31, 2009, the share capital comprised 264,254,354 shares each with a par value of 5.50 euros.

The portion of share capital arising from the special revaluation reserve totals 71.4 million euros.

In millions of euros	As of December 31, 2008 (before appropriation of earnings)	Appropriation of 2008 net profit *	Other changes	As of December 31, 2009 (before appropriation of earnings)
Share capital [(a)]	1,435.1		18.3	1,453.4
Additional paid-in capital [(a)]	18.4		153.4	171.8
Special revaluation reserve	25.5			25.5
Reserves:				
■ Legal reserve	133.3	10.2		143.5
■ Tax-driven reserves	307.8			307.8
■ General reserve	1.2			1.2
■ Contingency reserve	69.5			69.5
■ Depreciation or amortization fund	2.3			2.3
■ Translation reserve	7.7			7.7
Retained earnings [(a) (b)]	298.1	82.9	(0.9)	380.1
Net profit for the year	695.1	(695.1)	816.2	816.2
Accelerated depreciation	42.6		2.9	45.5
Other tax-driven provisions	0.1		(0.1)	0.0
TOTAL	**3,036.7**	**(602.0)** [(c)]	**989.8**	**3,424.5**

** Following the decision made at the Combined Annual Shareholders' Meeting of May 7, 2009.*

Notes:

(a) The change in the "Share capital", "Additional paid-in capital", and "Retained earnings" captions results from the following transactions:

- *capital increase of 5.5 million euros noted by the Board of Directors in its meeting of May 7, 2009 as a result of the subscription of 999,229 shares by employees of the Group;*
- *capital increase of 12.8 million euros resulting from the exercise of 2,332,777 subscription options.*
  The "Additional paid-in capital" caption increased by the amount of the premiums related to these share capital increases, i.e. 155.1 million euros less the capital increase costs i.e -1.7 million euros.

(b) The change in "Retained earnings" also includes the difference between the estimated bonus dividend and the bonus dividend actually paid and the cancellation of the dividend pertaining to treasury shares.

(c) Amounts distributed.

3.4. IMPAIRMENT, ALLOWANCES AND PROVISIONS

A. Impairment and allowances

Impairment and allowances are recognized when the asset's carrying amount is lower than its entry value.

Impairment and allowances break down as follows:

In millions of euros	2008	2009
Equity investments	67.4	55.4
Other long-term investment securities	35.8	14.4
Loans	2.5	2.6
Inventories and work-in-progress	4.2	2.8
Trade receivables and related accounts	13.4	11.7
Other receivables	3.1	2.9
TOTAL	**126.4**	**89.8**

The net change in impairment and allowances is represented by charges for 12.8 million euros, utilizations for -25.7 million euros and cancellations for -23.7 million euros.

Charges mainly relate to impairments of trade receivables for 7.8 million euros and equity investments for 3.3 million euros.

Utilizations primarily correspond to impairments of trade receivables for -7.2 million euros, equity investments for -14.2 million euros and inventories and work-in-progress for -2.5 million euros.

Cancellations mainly stem from impairments of trade receivables for -2.2 million euros and Company treasury shares for -19.7 million euros.

B. Tax-driven provisions

Tax-driven provisions break down as follows:

In millions of euros	2008	2009
Accelerated depreciation	42.6	45.5
Other special provisions in the form of a tax exemption	0.1	0.0

The net change in accelerated depreciation is represented by charges for 2.9 million euros, performed under normal depreciation and amortization policies.

The net change in other special provisions is represented by cancellations for -0.1 million euros.

Tax options were used to a maximum extent.

C. Provisions

Provisions mainly include:

- provisions for industrial and commercial contingencies and litigation, and probable losses due to sector risks or the launch of new businesses;
- provisions for repair charges and for jubilee awards and vested rights with regard to retirement benefits.

Provisions break down as follows:

In millions of euros	2008	2009
Provisions for contingencies	14.3	16.3
Provisions for losses	30.5	31.3
TOTAL	**44.8**	**47.6**

The net change in provisions for contingencies and losses is represented by charges for 6.7 million euros, utilizations for -2.2 million euros and cancellations for -1.7 million euros.

Charges mainly relate to provisions for industrial and sales contingencies (3.6 million euros), foreign exchange risks (0.6 million euros) and jubilee awards and vested rights with regard to retirement termination benefits (1.7 million euros).

Utilizations primarily stem from provisions for industrial and sales contingencies (-1.0 million euros) and welfare penalties (-0.4 million euros).

Cancellations primarily relate to provisions for industrial and sales contingencies (-0.8 million euros) and foreign exchange risks (-0.7 million euros).

The provision for vested rights with regard to retirement termination benefits totaled 27.7 million euros (26.0 million euros in 2008).

3.5. DEBT MATURITY ANALYSIS, PREPAYMENTS AND DEFERRED INCOME

	2008	2009		
In millions of euros	Gross	Gross	≤ 1 year	> 1 year
Receivables				
Loans to equity affiliates	1.2	1.2		1.2
Loans	5.0	4.7	0.4	4.3
Other long-term investments	2.8	93.7	1.4	92.3
Sub-total	9.0	99.6	1.8	97.8
Trade receivables and related accounts [(a)]	444.6	320.5	320.4	0.1
Other receivables	714.4	687.9	687.4	0.5
Prepayments and miscellaneous	4.2	3.2	3.2	
Sub-total	1,163.2	1,011.6	1,011.0	0.6
TOTAL	**1,172.2**	**1,111.2**	**1,012.8**	**98.4**
(a) Including notes receivable.	*8.4*	*4.4*	*4.4*	

In millions of euros	2008 Gross	2009 Gross	2009 ≤ 1 year	2009 > 1 to ≤ 5 years	2009 > 5 years
Liabilities					
Other bonds	1,643.4	2,053.5	553.5	1,100.0	400.0
Bank borrowings [(a)]	700.8	273.5	16.5	257.0	
Other borrowings	60.0	68.0	35.7	32.3	
Payments received from customers	48.6	59.9	34.6	16.6	8.7
Trade payables and related accounts [(b)]	388.0	285.5	285.5		
Tax and employee-related liabilities	376.7	435.2	435.2		
Amounts payable in respect of fixed assets and related accounts [(c)]	4.4	4.2	4.2		
Other amounts payable	4,126.8	3,840.6	3,840.1	0.5	
Deferred income and miscellaneous	30.1	29.5	19.9	9.6	
TOTAL	**7,378.8**	**7,049.9**	**5,225.2**	**1,416.0**	**408.7**
(a) Including current bank loans and credit balance bank accounts	*22.4*	*11.7*	*11.7*		

(b) Including notes payable
(c) Including notes payable on non-current assets

3.6. ACCRUED INCOME AND ACCRUED EXPENSES

In millions of euros	2008	2009
Accrued income		
Accrued income included in the following balance sheet items:		
Other long-term investments		91.3
Trade receivables and related accounts	2.1	1.5
Other receivables	6.0	16.3
TOTAL	**8.1**	**109.1**
Accrued expenses		
Accrued expenses included in the following balance sheet items:		
Other bonds	43.4	53.5
Bank borrowings	4.8	4.8
Other borrowings	0.5	0.5
Trade payables and related accounts	114.1	64.3
Tax and employee-related liabilities	64.6	68.2
Amounts payable on fixed assets and related accounts	1.6	0.4
Other amounts payable	12.6	14.0
TOTAL	**241.6**	**205.7**

3.7. PREPAYMENTS AND DEFERRED INCOME

Prepayments and deferred income include income and expense items recorded during the period but related to a subsequent period.

3.8. ITEMS CONCERNING RELATED UNDERTAKINGS

In millions of euros	2008		2009	
	Gross	Including related undertakings	Gross	Including related undertakings
Balance sheet				
Trade receivables and related accounts	444.6	167.5	320.5	96.4
Other receivables	714.4	668.6	687.9	656.9
Other borrowings	60.0		68.0	
Trade payables and related accounts (including amounts payable on fixed assets)	392.4	269.1	289.7	196.6
Other amounts payable	4,126.8	4,102.9	3,840.6	3,813.5
Income statement				
Financial expenses	308.8	186.9	194.8	87.6
Financial income	845.3	835.0	693.7	664.5

3.9. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments break down as follows:

In millions of euros	2008	2009
Commitments received		
Endorsements, securities and guarantees received	0.5	0.1
TOTAL	**0.5**	**0.1**
Commitments given		
Endorsements, securities and guarantees given	8.6	7.7
To Air Liquide Finance and Air Liquide US LLC on transactions performed	2,411.3	2,205.6
TOTAL	**2,419.9**	**2,213.3**

To distinguish its industrial activities from the financing activity, L'Air Liquide S.A. has a wholly-owned French subsidiary Air Liquide Finance, which conducts the cash and interest rate risk financing and management activity for the Group.

In addition, Air Liquide Finance set up the wholly-owned Air Liquide US LLC subsidiary, in order to borrow on the US market.

Insofar as the sole activity of Air Liquide Finance and Air Liquide US LLC is the Group's financing, L' Air Liquide S.A. is required to guarantee any issuances performed by these companies.

3.10. FINANCIAL INSTRUMENTS

Unsettled derivatives as of December 31, 2009 break down as follows:

In millions of euros	2008		2009	
	Carrying value	Fair value difference	Carrying value	Fair value difference
Foreign exchange risk				
Currency forwards	141.0	(2.9)	94.5	3.9
TOTAL	**141.0**	**(2.9)**	**94.5**	**3.9**
Interest rate risk				
Interest rate swaps	72.5	(2.1)	72.5	(3.4)
TOTAL	**72.5**	**(2.1)**	**72.5**	**(3.4)**

The fair value difference represents the difference between the derivative's valuation and the value of the contract determined at the closing year-end exchange rate.

Insofar as these instruments are all allocated to hedging transactions, the fair value differences had no impact on the financial statements for the 2009 and 2008 year-ends.

3.11. NET REVENUE

In millions of euros	2008	2009
Breakdown by business sector		
Gas and Services	1,503.8	1,366.3
Engineering and Construction	193.7	193.5
TOTAL	**1,697.5**	**1,559.8**
Breakdown by geographical area		
France	1,590.1	1,467.3
Abroad	107.4	92.5
TOTAL	**1,697.5**	**1,559.8**

3.12. EXPENSE RECLASSIFICATIONS

Expense reclassifications mainly included in 2008 the reclassification to exceptional items of expenses related to the reorganization of the Industrial Merchant activity for 16.4 million euros.

3.13. EXCEPTIONAL INCOME AND EXPENSES

Exceptional income and expenses in 2009 primarily include:

- the recording of the refund claim for the equalization charge paid for the years 2000 to 2004 for 71.7 million euros;
- a reversal of treasury share impairment for 21.3 million euros (in 2008, a -23.8 million euros charge for the same item);
- the reversal of a debt related to the tax consolidation regime for 17.3 million euros (17.3 million euros in 2008);
- gains (net of losses) on the sale of Company shares under the liquidity contract for 3.4 million euros (losses net of gains amounted to -3.3 million euros in 2008);
- an impairment charge (net of reversals and disposal losses) for equity investments for -3.3 million euros (-18.0 million euros in 2008).

In addition, exceptional income and expenses included in 2008 net costs of a provision reversal for the restructuring of the Industrial Merchant activity for -10.1 million euros.

3.14. RETIREMENT AND SIMILAR PLANS

The Company and a number of subsidiaries in France under the same Group agreement grant:

A. Group retirement benefit guarantee agreement

Additional benefits to retirees (4,658 retirees as of December 31, 2009) and to employees over 45, or with more than 20 years of service as of January 1, 1996 (339 employees as of December 31, 2009). These benefits provide a supplemental retirement income based on final pay, which is paid in addition to other normal retirement benefits. This plan was terminated on February 1, 1996. The annual amount paid with respect to this plan cannot exceed 12% of payroll or 12% of pre-tax profit for the companies involved. As a result of the plan's termination, this 12% value will be reduced starting in 2010, based on the annual decrease in the number of retirees. The contributions amounted to 39.3 million euros in 2009 (38.7 million euros in 2008) after reinvoicing subsidiaries. Without the limits described above, the actuarial value of the annual contributions paid to retirees and those eligible as of December 31, 2009, would be equal to approximately 648.0 million euros (537.0 million euros for retirees and 111.0 million euros for active employees).

Up to 3.5 million euros will be reallocated to the subsidiaries of L'Air Liquide S.A. included within the scope of the Group agreement.

B. Externally funded plan

An externally funded defined contribution plan for other employees not in the plan mentioned above (4,465 employees as of December 31, 2009) with at least one year of service. Contributions to this plan are jointly paid by the employer and employee. For 2009, employer contributions amounted to 7.2 million euros (7.0 million euros in 2008).

C. Retirement termination benefits and jubilees

The corresponding obligations are provided for in the amount of 27.7 million euros (net of tax) and 2.5 million euros, respectively.

D. Calculation of actuarial assumptions and methods

The calculations with respect to the Group's retirement benefit guarantee agreement, retirement termination benefits and jubilees are performed by independent actuaries using the projected unit credit method.

Actuarial gains and losses exceeding the greater of 10% of the obligations or 10% of the plan assets are amortized over the expected average working lives of the plan participants.

The actuarial assumptions (turnover, mortality, retirement age, salary increase) vary according to demographic and economic conditions.

The discount rates used to determine the present value of obligations are based on Government bonds or High-quality Corporate bonds, with the same duration as the obligations at the valuation date.

E. Evolution of retirement obligations and similar benefits

Company obligations with respect to pension plans and similar benefits break down as follows:

In millions of euros	Defined benefit plan	Retirement indemnities	Jubilees	Total
Obligations as of December 31, 2008	**627.0**	**48.0**	**2.4**	**677.4**
Service cost	2.9	2.4	0.1	5.4
Interest cost	33.9	2.6	0.1	36.6
Employee contributions				
Plan amendments [(a)]	3.2	8.1		11.3
Curtailment / Settlement				
Transfers				
Acquisition / (Divestiture) / Merger				
Benefit payments	(43.2)	(2.5)	(0.1)	(45.8)
Actuarial (gains) / losses	24.2	(1.1)		23.1
Obligations as of December 31, 2009	**648.0**	**57.5**	**2.5**	**708.0**

Note:

(a) *The adoption in 2009 of a new amendment to the* Convention collective des Industries Chimiques *as well as the modifications brought by the new* Loi de financement de la Sécurité Sociale pour 2010 *involved a revaluation of the method used to calculate the commitments for 11.3 million euros.*

3.15. STATUTORY EMPLOYEE PROFIT-SHARING

The statutory employee profit-sharing was calculated under the terms and conditions of the agreement concluded on January 23, 2004 and registered with the French Labor Ministry on June 21, 2004.

3.16. CORPORATE INCOME TAX

Corporate income tax totaled 9.4 million euros, compared to 8.9 million in 2008.

It breaks down as follows, after allocation of add-backs, deductions and tax credits relating to profits:

In millions of euros	2008	2009
Net profit from ordinary activities before tax	7.8	8.4
Net profit from exceptional items excluding transfers	0.1	
Transfers		
Additional contributions	1.0	1.0
TOTAL	**8.9**	**9.4**

In accordance with the provisions of Article 223 quater (iv) of the General Tax Code, it should be noted that depreciation and amortization and lease payments considered as non-deductible under Article 39.4 of the same code amounted to 0.5 million euros (0.5 million euros in 2008).

The Company adopted the tax consolidation regime to determine corporate income tax.

3.17. DEFERRED TAXES

Deferred taxes arise from the temporary differences between the tax regime and the accounting treatment of income and expenses. According to the nature of the differences, these deferred taxes, which, pursuant to the provisions of the chart of accounts are not recorded, will increase or decrease the future tax expense.

Deferred taxes as of December 31, 2009 are estimated as follows:

In millions of euros	2008	2009
Deferred tax assets (decrease in future tax expense)	9.1	9.6
Deferred tax liabilities (increase in future tax expense)		

Deferred taxes were calculated taking into account the 3.3% social security contribution on earnings (i.e. a general rate of 34.43%).

3.18. REMUNERATION ALLOCATED TO MEMBERS OF EXECUTIVE MANAGEMENT AND THE BOARD OF DIRECTORS

The remuneration (short-term benefits: fixed and variable portions, benefits in-kind, retirement termination benefits, Directors' fees) allocated by the Company to members of Executive Management and the Board of Directors respectively, amounts to:

In millions of euros	2009
Remuneration of Executive Management	0.6
Remuneration of the Board of Directors	4.5
TOTAL	**5.1**

In addition, during 2009, the Company paid to third parties the total amount of [a] 323,802 euros.

(a) With respect to supplemental retirement benefits (defined contribution plans): on behalf of Benoît Potier (79,862 euros), Klaus Schmieder (79,862 euros) and Pierre Dufour (79,862 euros) and with respect to death and disability benefits: on behalf of Benoît Potier and Pierre Dufour (60,475 euros and 23,741 euros respectively).

3.19. AVERAGE NUMBER OF EMPLOYEES

The monthly average number of employees was:

	2008	2009
Engineers and executives	2,101	2,162
Supervisory staff	2,295	2,263
Employees	112	82
Laborers	616	596
TOTAL	**5,124**	**5,103**

3.20. SUBSIDIARIES AND AFFILIATES INFORMATION

In thousands of euros	Share capital as of December 31, 2009	Other equity as of December 31, 2009	% share holding
A. Detailed information on affiliates whose carrying amounts exceed 1% of the capital of the Company required to publish its financial statements			
I - SUBSIDIARIES (more than 50% of capital held by the Company)			
a) Companies operating in France			
Air Liquide Santé (International) – 75 quai d'Orsay – 75007 Paris	33,347	21,225	99.99
Société Immobilière de L'Air Liquide – 75 quai d'Orsay – 75007 Paris	50	(4,494) [a]	99.99
Air Liquide International [b] – 75 quai d'Orsay – 75007 Paris	2,655,510	3,609,482 [a]	99.99
Air Liquide Stockage – 6 rue Cognacq-Jay – 75007 Paris	224,793	45,470	100.00
Société des Gaz Industriels de France – 6 rue Cognacq-Jay – 75007 Paris	115,138	179,356	65.13
Air Liquide Hydrogène – 6 rue Cognacq-Jay – 75007 Paris	61,037	(13,636)	99.99
Chemoxal [b] – 75 quai d'Orsay – 75007 Paris	30,036	(38,030) [a]	99.99
Société Industrielle des Gaz de l'Air – 75 quai d'Orsay – 75007 Paris	34,513	(10,320)	99.58
Altal – 75 quai d'Orsay – 75007 Paris	15,292	516	99.99
Air Liquide Finance – 6 rue Cognacq-Jay – 75007 Paris	72,000	3,053	99.99
Air Liquide Engineering – 6 rue Cognacq-Jay – 75007 Paris	12,000	15,581	99.99
b) Companies operating outside of France			
Air Liquide Industriegase GmbH & Co. KG – Hans-Günther-Sohl-Strasse 5 – 40235 Düsseldorf – Germany	10	2,313,032	100.00
II – Affiliates (10 to 50% of capital held by the Company)			
a) Companies operating in France			
Air Liquide Santé France – 6 rue Cognacq-Jay – 75007 Paris	10,403	15,992	10.12
b) Companies operating outside of France – None			
B. General information on other subsidiaries and affiliates			
I – SUBSIDIARIES NOT INCLUDED IN I			
a) French subsidiaries (together)			
b) Foreign subsidiaries (together)			
II – AFFILIATES NOT INCLUDED IN II			
a) French companies (together)			
b) Foreign companies (together)			

(a) Air Liquide International, Société Immobilière de L'Air Liquide and Chemoxal pay a portion of their dividend in the form of an interim dividend.
(b) Holding company.

Carrying amount of shares held after the revaluations of 1976, 1978 and 1979			Loans and advances granted by the Company and not repaid	Guarantees and endorsements given by the Company	2009 net revenue	Net profit (or loss) for 2009	Dividends collected by the Company during 2009
Gross	Net	Including revaluation difference					
110,808	110,808	6,301			19,076	73,357	72,195
16,108	16,108	16,070			9,025	5,477	6,549 [a]
6,102,910	6,102,910	21,186				1,041,038	478,451 [a]
225,189	225,189				13,600	1,544	
115,148	115,148				380,071	7,986	
61,037	54,037				66,822	(6,542)	
30,326	30,326					42,855	43,114 [a]
35,575	35,575				96	(442)	
16,150	15,650				58,026	419	
72,901	72,901			2,205,647		24,319	6,600
16,028	16,028				391,238	11,500	9,000
2,142,942	2,142,942				63,833	170,098	
20,388	20,388				214,019	26,472	2,737
112,034	64,880	2,348	1,313	1,118			32,744
341	341						
8,734	7,997						9,307

Statutory Auditors' Report
on the annual financial statements

This is a free translation into English of the Statutory Auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In compliance with the assignment entrusted to us by your annual Shareholders' Meeting, we hereby report to you, for the year ended December 31, 2009, on:

- the audit of the accompanying annual financial statements of L'Air Liquide;
- the justification of our assessments;
- the specific verifications and information required by French law.

These annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. 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 involves performing procedures, by audit sampling and other selective testing methods, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2009 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

II - Justification of assessments

In accordance with the requirements of Article L. 823-9 of the French Commercial Code *(Code de Commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

Investments are valued in accordance with the methods described in the note 2.2.D to the annual financial statements. We assessed the approach and the estimates used by the Company were reasonable, and checked the depreciation computation, if any.

These assessments were thus made in the context of the performance of our audit of the financial statements of the Company taken as a whole and, therefore, contributed to the formation of our audit opinion expressed in the first part of this report.

III - Specific verification and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of Article L. 225-102-1 of French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlled by it. Based on this work, we concur with the accuracy and fair presentation of this information.

In accordance with French law, we have ensured that the required information concerning the purchase of investments and controlling interests and the names of the principal shareholders and holders of the voting rights has been properly disclosed in the Directors' Report.

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

FIVE-YEAR SUMMARY OF COMPANY'S RESULTS

(Articles R.225-83 and R.225-102 of the French Commercial Code)

	2005	2006	2007	2008	2009
I - Share capital at the end of the year					
a) Share capital *(in euros)* [(a) (b) (c)]	1,204,923,225	1,332,641,079	1,313,645,905	1,435,072,914	1,453,398,947
b) Number of outstanding ordinary shares [(d)]	109,538,475	121,149,189	238,844,710	260,922,348	264,254,354
c) Number of shares with bonus dividend entitlement [(d) (e)]	27,264,001	31,126,097	61,587,166	67,969,494	66,269,428
d) Convertible bonds					
II - Operations and results of the year *(in millions of euros)*					
a) Net revenue	1,460.1	1,549.7	1,585.0	1,697.5	1,559.8
b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions [(f)]	563.9	634.9	657.3	819.7	889.5
c) Corporate income tax	33.8	7.8	8.3	8.9	9.4
d) Employee profit-sharing for the year	1.7	2.6	2.7	3.3	3.1
e) Net profit after tax, employee profit-sharing and depreciation, amortization and provisions [(f)]	441.3	547.6	574.1	695.1	816.2
f) Non-recurring capital gains or losses [(g)]	155.8				
g) Net profit	597.1	547.6	574.1	695.1	816.2
h) Distributed profit	432.1	497.0	551.0	602.0	609.2
III - Per share data *(in euros)*					
a) Net profit after tax, employee profit-sharing, but before depreciation, amortization and provisions [(f)]					
■ over the number of ordinary shares outstanding	5.06	5.16	2.71	3.10	3.32
■ over the adjusted number of shares [(h)]	2.11	2.36	2.45	3.11	3.35
b) Net profit after tax, employee profit-sharing and depreciation, amortization and provisions [(f)]					
■ over the number of ordinary shares outstanding	4.03	4.52	2.40	2.66	3.09
■ over the adjusted number of shares [(h)]	1.69	2.07	2.18	2.68	3.12
c) Dividend allocated to each share					
■ over the number of ordinary shares outstanding	3.85	4.00	2.25	2.25	2.25
■ over the adjusted number of shares [(i)]	1.58	1.81	2.04	2.25	2.25
d) Bonus dividend					
■ over the number of beneficiary shares	0.38	0.40	0.22	0.22	0.22
■ over the number of adjusted shares [(i)]	0.16	0.18	0.20	0.22	0.22
IV - Employees working in France					
a) Average number of salaried employees during the year	5,057	4,991	4,969	5,124	5,103
b) Total payroll for the year *(in millions of euros)*	228.2	235.3	244.1	260.4	266.3
c) Amounts paid with respect to employee benefits during the year (social security, staff benefits, etc) and provisions for paid vacations *(in millions of euros)*	179.4	187.8	197.7	211.8	214.1

(a) Using the authorization granted by the 13th resolution of the Combined Annual Shareholders' Meeting of May 12, 2004, the 10th resolution of the Combined Annual Shareholders' Meeting of May 11, 2005, the Management Board made the following decisions:

- in its meeting of February 24, 2005, capital decrease by cancellation of 350,000 treasury shares;
- in its meeting of February 24, 2006, capital decrease by cancellation of 550,000 treasury shares.

Using the authorization granted by the 8th resolution of the Combined Annual Shareholders' Meeting of May 10, 2006 and the 8th resolution of the Combined Annual Shareholders' Meeting of May 9, 2007, the Board of Directors made the following decisions:

- in its meeting of February 26, 2007, capital decrease by cancellation of 789,000 treasury shares;
- in its meeting of November 8, 2007, capital decrease by cancellation of 3,512,650 treasury shares;
- in its meeting of February 14, 2008, capital decrease by cancellation of 2,916,350 treasury shares.

(b) Using the authorization granted by the 10th resolution of the Combined Annual Shareholders' Meeting of May 10, 2006, the Board of Directors made the following decisions:

- in its meeting of May 10, 2006, the granting for no consideration of 1 new share for 10 existing shares (ranking for dividends as of 01/01/2006), and the granting for no consideration of a 10% bonus for shares held in registered form from December 31, 2003 to June 12, 2006 *(ranking for dividends as of 01/01/2006).*

Using the authorization granted by the 18th resolution of the Combined Annual Shareholders' Meeting of May 7, 2008, the Board of Directors made the following decisions:

- in its meeting of May 7, 2008, the granting for no consideration of 1 new share for 10 existing shares (ranking for dividends as of 01/01/2008), and the granting for no consideration of a 10% bonus for shares held in registered form from December 31, 2005 to June 6, 2008 *(ranking for dividends as of 01/01/2008).*

(c) Using the authorizations granted by the resolutions of the Combined Annual Shareholders' Meeting of May 12, 1999, the Combined Annual Shareholders' Meeting of April 30, 2002, the Combined Annual Shareholders' Meeting of May 12, 2004, the Board of Directors noted:

- in its meeting of February 13, 2009, the issuance of 25,177 shares arising from:
  - the exercise of 9,950 options, in accordance with the deliberations of the Board of Directors on May 12, 1999.
  These shares were subscribed at the price of 44.90 euros, i.e. with a premium of 39.40 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 12,034 options, in accordance with the deliberations of the Management Board on June 14, 2002.
  These shares were subscribed at the price of 56.09 euros, i.e. with a premium of 50.59 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 2,463 options, in accordance with the deliberations of the Management Board on October 10, 2002.
  These shares were subscribed at the price of 48.08 euros, i.e. with a premium of 42.58 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 730 options, in accordance with the deliberations of the Management Board on April 8, 2004.
  These shares were subscribed at the price of 52.20 euros, i.e. with a premium of 46.70 euros *(ranking for dividends as of 01/01/2009).*
- in its meeting of May 7, 2009, the issuance of 683,931 shares arising from:
  - the exercise of 169,950 options, in accordance with the deliberations of the Board of Directors on May 12, 1999.
  These shares were subscribed at the price of 44.90 euros, i.e. with a premium of 39.40 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 480,513 options, in accordance with the deliberations of the Management Board on June 14, 2002.
  These shares were subscribed at the price of 56.09 euros, i.e. with a premium of 50.59 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 13,896 options, in accordance with the deliberations of the Management Board on October 10, 2002.
  These shares were subscribed at the price of 48.08 euros, i.e. with a premium of 42.58 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 12,005 options, in accordance with the deliberations of the Management Board on April 8, 2004.
  These shares were subscribed at the price of 52.20 euros, i.e. with a premium of 46.70 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 7,567 options, in accordance with the deliberations of the Management Board on March 21, 2005.
  These shares were subscribed at the price of 57.01 euros, i.e. with a premium of 51.51 euros *(ranking for dividends as of 01/01/2009).*
- in its meeting of November 17, 2009, the issuance of 1,509,603 shares arising from:
  - the exercise of 122,765 options, in accordance with the deliberations of the Board of Directors on May 12, 1999.
  These shares were subscribed at the price of 44.90 euros, i.e. with a premium of 39.40 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 995,310 options, in accordance with the deliberations of the Management Board on June 14, 2002.
  These shares were subscribed at the price of 56.09 euros, i.e. with a premium of 50.59 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 294,503 options, in accordance with the deliberations of the Management Board on October 10, 2002.
  These shares were subscribed at the price of 48.08 euros, i.e. with a premium of 42.58 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 944 options, in accordance with the deliberations of the Management Board on October 10, 2002.
  These shares were subscribed at the price of 48.11 euros, i.e. with a premium of 42.61 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 60,936 options, in accordance with the deliberations of the Management Board on April 8, 2004.
  These shares were subscribed at the price of 52.20 euros, i.e. with a premium of 46.70 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 2,051 options, in accordance with the deliberations of the Management Board on November 30, 2004.
  These shares were subscribed at the price of 54.12 euros, i.e. with a premium of 48.62 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 31,880 options, in accordance with the deliberations of the Management Board on March 21, 2005.
  These shares were subscribed at the price of 57.01 euros, i.e. with a premium of 51.51 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 1,214 options, in accordance with the deliberations of the Management Board on March 20, 2006.
  These shares were subscribed at the price of 69.41 euros, i.e. with a premium of 63.91 euros *(ranking for dividends as of 01/01/2009).*
- in its meeting of February 12, 2010, the issuance of 114,066 shares arising from:
  - the exercise of 63,837 options, in accordance with the deliberations of the Management Board on April 8, 2004.
  These shares were subscribed at the price of 52.20 euros, i.e. with a premium of 46.70 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 8,520 options, in accordance with the deliberations of the Management Board on November 30, 2004.
  These shares were subscribed at the price of 54.12 euros, i.e. with a premium of 48.62 euros *(ranking for dividends as of 01/01/2009);*
  - the exercise of 41,709 options, in accordance with the deliberations of the Management Board on March 21, 2005.
  These shares were subscribed at the price of 57.01 euros, i.e. with a premium of 51.51 euros *(ranking for dividends as of 01/01/2009).*

Using the authorization granted by the 19th resolution of the Combined Annual Shareholders' Meeting of May 7, 2008, the Board of Directors noted in its meeting of May 7, 2009, the employee-reserved issuance of 999,229 new shares:

- 893,921 new shares subscribed in cash at a price of 48.67 euros per share, i.e. with a, premium of 43.17 euros (ranking for dividends as of 01/01/2009), of which 11,428 shares were subscribed as part of the contribution paid by the Company *(1 bonus share for 4 shares subscribed with a maximum of 3 bonus shares per employee),*
- 105,308 new shares subscribed in cash at a price of 51.72 euros per share, i.e. with a premium of 46.22 euros *(ranking for dividends as of 01/01/2009).*

(d) At its meeting of May 9, 2007, the Board of Directors set June 13, 2007 as the date on which the two-for-one share split would take place pursuant to the adoption of the 12th resolution by the Combined Annual Shareholders' Meeting of May 9, 2007.

(e) Beginning December 31, 1995, shareholders holding their shares in registered form for at least two years at the period-end, and who will retain these shares in this form until the dividend payment date, will receive a dividend with a 10% bonus compared to the dividend paid to other shares.The difference between the bonus dividend calculated on the number of shares outstanding as of the period-end and the bonus dividend actually paid shall be allocated to retained earnings.

(f) Net profit before transfer and disposal gains.

(g) Capital gains on transfers and disposals.

(h) Adjusted to take into account, in the weighted average, the capital increases performed via capitalization of reserves or additional paid-in capital, cash subscriptions and treasury shares.

(i) Adjusted to take into account the capital increases performed via capitalization of reserves or additional paid-in capital and the share split.

Annual General Meeting 2010

Board of Directors' Report

on the resolutions presented to the Combined Shareholders' Meeting

RESULTS FOR THE FISCAL YEAR

Attached to this report are the financial statements of L'Air Liquide S.A. that have been prepared by applying the methods provided for by law and the standards of the French General Chart of Accounts.

Revenue for the fiscal year ended December 31, 2009 amounted to 1,559.8 million euros compared to 1,697.5 million euros in 2008, down by 8.1%.

L'Air Liquide S.A. net profit for the fiscal year ended December 31, 2009 amounted to 816.2 million euros compared to 695.1 million euros for 2008.

The income from French and foreign equity securities amounted to 661.2 million euros, compared to 810.1 million euros in 2008.

Consolidated revenue for 2009 amounted to 11,976.1 million euros, compared to 13,103.1 million euros in 2008, down by 8.6%. On a comparable basis (excluding foreign exchange impact, natural gas prices impact and material changes in the scope of consolidation), the diminution is 6.2%.

Consolidated net profit, after deduction of minority interests, amounted to 1,230.0 million euros compared with 1,220.0 million euros in 2008, an increase of 0.8% (a 0.6% increase excluding the foreign exchange impact).

These results are described in detail in the Management Report and the financial statements.

INFORMATION ON SHARE CAPITAL

Amount of share capital held by employees

Since 1986, L'Air Liquide S.A. has offered the employees of certain Group companies the possibility to subscribe to several share capital increases reserved for them. A total of 3,035,263 shares (excluding the share par value split and the allocation of bonus shares to shareholders) have been subscribed in this manner. At the end of 2009, the share capital held by employees and former employees of the Group is estimated at 2%, of which 1.4% (in the meaning of Article L.255-102 of the French Commercial Code) correspond to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

Crossing of share capital and voting rights thesholds in 2009

Please refer to the chapter "Additional Information" of this Reference Document (page 271).

INVESTMENTS AND ACQUISITION OF CONTROLLING INTERESTS

In accordance with the provisions of Article L. 233-6 of the French Commercial Code, the shareholders are informed that L'Air Liquide S.A. performed the following transactions in 2009:

- acquisition of 22.06% of the share capital of Société Martiniquaise de L'Air Liquide, and sale of this interest to Air Liquide International;
- sale of the 99.75%-held Fabriques d'Oxygène du Sud Ouest Réunies, to Société des Gaz Industriels de France.

RESOLUTIONS WITHIN THE AUTHORITY OF THE ORDINARY SHAREHOLDERS' MEETING

We ask you, after you have reviewed:

- the Report of the Board of Directors on the operation and management of the Company and its Group during the 2009 fiscal year;
- the Company's financial statements, income statement, balance sheet and notes thereto;
- the Group's consolidated financial statements;
- the Reports of the Statutory Auditors;

to approve the Company's financial statements and the consolidated financial statements for the year ended December 31, 2009 as presented, as well as the transactions set out in these financial statements or mentioned in these reports.

Your Company's net profit allow the Board to propose the payment of a dividend of 2.25 euros for each of the shares entitled to a dividend, it being specified that in the event of a change in the number of shares entitled to a dividend compared to the 264,254,354 shares making up the share capital as of December 31, 2009, the dividend overall amount would be adjusted accordingly and the amount appropriated to the retained earnings account would be determined on the basis of the dividend effectively paid.

The measures taken by the Group in the unprecedented economic downturn ensured that earnings per share were stable. It is in this context that the Board proposes to maintain the dividend at the level of the one paid out in 2009. The dividend will be paid on May 17, 2010.

In accordance with the provisions of Article 243 bis of the French Tax Code, it is specified that this dividend is in its entirety eligible for the 40% allowance referred to in paragraph 2° of section 3 of Article 158 of the French Tax Code.

In addition, shareholders who had held their shares in registered form for at least two years as of December 31, 2009 and who retain such shares in registered form up to the dividend payment date, shall be entitled, for such shares (i.e. a total number of 66,269,428 shares at December 31, 2009), to a bonus dividend of 10% compared with the dividend paid to the other shares, or a total dividend of 2.47 euros. In accordance with the provisions of Article 243 bis of the French Tax Code, it is specified that this dividend is also in its entirety eligible for the 40% allowance referred to in paragraph 2° of section 3 of Article 158 of the French Tax Code.

The difference between the bonus dividend calculated on the number of shares known to exist at December 31, 2009 and the bonus dividend actually paid will be allocated to the retained earnings account.

We also ask you to take due note of distributable earnings for the year. Such amount includes profits for 2009 of 816,221,443 euros, less the appropriation to the legal reserve of 1,832,604 euros plus available retained earnings at December 31, 2009 of 380,147,848 euros, i.e. a total of 1,194,536,687 euros.

We propose that you appropriate the distributable earnings for fiscal year 2009, i.e. 1,194,536,687 euros, as follows:

appropriation	*(in euros)*
• retained earnings	585,385,116
• to the distribution of a dividend	609,151,571

Dividend distribution

In accordance with French law, we wish to remind you that the distributions made in respect of the last three fiscal years were as follows:

2006	Total amount distributed (a) *(in euros)*	Number of shares (b)	Dividend distributed eligible in its entirety for the 40% allowance referred to in article 158.3.2° of the French Tax Code *(in euros)*
Ordinary dividend	484,596,756	121,149,189	4.00
Bonus dividend	12,450,439	31,126,097	0.40
2007	**Total amount distributed (a)** *(in euros)*	**Number of shares (b)**	**Dividend distributed eligible in its entirety for the 40% allowance referred to in article 158.3.2° of the French Tax Code** *(in euros)*
Ordinary dividend	537,400,597	238,844,710	2.25
Bonus dividend	13,549,177	61,587,166	0.22
2008	**Total amount distributed (a)** *(in euros)*	**Number of shares (b)**	**Dividend distributed eligible in its entirety for the 40% allowance referred to in article 158.3.2° of the French Tax Code** *(in euros)*
Ordinary dividend	587,075,283	260,922,348	2.25
Bonus dividend	14,953,289	67,969,494	0.22

(a) Theoretical values based on the number of shares as of December 31 of each fiscal year.
(b) Number of shares expressed historically as of December 31 of each fiscal year.
The amounts effectively paid after each adjustment total:
- fiscal year 2006: 492,601,341 euros for 120,196,888 shares;
- fiscal year 2007: 543,902,599 euros for 235,958,155 shares;
- fiscal year 2008: 602,950,665 euros for 261,657,353 shares.
The adjustment arises from the existence of treasury shares, from the final determination of the bonus dividend taking into account shares sold between January 1st and the dividend ex-date, and from the exercise of options and (in 2009) the share capital increase reserved for employees, carried out over this same period.

In 2007, the change in the number of shares primarily results from the division by two of the Air Liquide share par value on June 13, 2007.

Company share buybacks

A. INFORMATION ON THE COMPLETION OF THE COMPANY'S SHARE BUY-BACK PROGRAM (PURSUANT TO ARTICLE L. 225-211 OF THE FRENCH COMMERCIAL CODE AS AMENDED BY REGULATION NO. 2009-105 OF JANUARY 30, 2009

The Combined Shareholders' Meeting of May 7, 2009 authorized the Board, for a period of eighteen months, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and the directly applicable provisions of EC regulation 2273/2003 of December 22, 2003, to allow the Company to repurchase its own shares in order to:

- either cancel them;
- retain them for the purpose of tendering them within the scope of an exchange offer or for payment in external growth transactions, in accordance with recognized market practices and applicable regulations;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement any share purchase option plans or plans for the free grant of shares, or any employee share ownership transactions reserved for members of a company savings plan, performed through the transfer of shares acquired previously by the Company, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount;
- maintain an active market in the Company's shares pursuant to a market liquidity contract in accordance with an ethics charter recognized by the French financial markets authority (Autorité des marchés financiers).

The maximum purchase price was set at 165 euros per share and the maximum number of shares that can be bought back at 10% of the total number of shares making up the share capital as of December 31, 2008, that is 26,092,234 shares for a maximum total amount of 4,305,218,610 euros, subject to the legal limits.

These shares could be purchased at any time, excluding the periods for takeover bids on the Company's share capital, and by all available means, either on or off a stock exchange, in private transactions or through the use of option mechanisms, and, if applicable, by all third parties acting on behalf of the Company, in accordance with the last paragraph of Article L. 225-206 of the French Commercial Code.

Pursuant to this authorization, the following instrument was set up:

- a liquidity contract which led to the following movements during the 2009 fiscal year:
  - 1,496,244 shares were purchased for a total price of 102,465,372 euros, or an average purchase price of 68.48 euros,
  - 1,522,475 shares were sold for a total price of 104,812,811 euros, or an average purchase price of 68.84 euros;
- there were no purchases outside the liquidity contract; the total cost of the buybacks was thus limited to 102,465,372 euros.

The total amount of the negotiation fees (exclusive of taxes) was 0.2 million euros.

In addition, the Company also carried out the following transactions during the fiscal year:

- a share exchange with respect to certain minority shareholders of Société Martiniquaise de L'Air Liquide (SOMAL), who agreed to sell their 22% interest in SOMAL to L'Air Liquide S.A. A total of 95,699 Company treasury shares allocated to external growth transactions were thus transferred;
- a share tender to certain beneficiaries of plans for the free grant of shares: 143 treasury shares were thus tendered for the 2008 CGSE plan and 80 treasury shares for the 2009 CGSE plan, for a total of 223 Company treasury shares allocated for the implementation of any free grant of shares.

Considering these transactions, as of December 31, 2009, the Company directly owns 1,087,463 shares, at an average purchase price of 81.80 euros, i.e. a balance sheet value of 88,950,124 euros and, in respect of the liquidity contract, 159,044 shares at an average purchase price of 80.36 euros, i.e. a balance sheet value of 12,780,833 euros. These shares, each with a par value of 5.50 euros, represent 0.47% of the Company's share capital.

Furthermore, for the liquidity contract, marketable securities in the amount of 20,537,285 euros were recorded on the Company's balance sheet.

As of December 31, 2009, shares directly owned by the Company (1,087,463 shares, representing 0.41% of the share capital) are allocated for the purpose of share exchanges or as payment in connection with possible external growth transactions (1,059,463 shares) and for the purpose of the implementation of any plans for the free grant of shares (28,000 shares).

B. PROPOSED RESOLUTION

As the authorization granted by the Ordinary Shareholders' Meeting of May 7, 2009 was partially used, the Board proposes to replace it with a new authorization to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the fifteenth resolution;
- retain them for the purpose of tendering them within the scope of an exchange offer or for payment in external growth transactions, in accordance with recognized market practices and applicable regulations;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) any share purchase option plans or (ii) plans for free grant of shares, or (iii) any employee share ownership transactions reserved for members of a company savings

plan, performed under the terms and conditions set forth in Articles L. 3331-1 *et seq.* of the French Labor Code through the transfer of shares acquired previously by the Company under this resolution, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount;

- maintain an active market in the Company's shares pursuant to a liquidity contract in accordance with an ethics charter recognized by the French Financial Markets Authority (Autorité des marchés financiers).

The maximum purchase price will be set at 165 euros (excluding acquisition costs) per share with a par value of 5.50 euros per share, and the maximum number of shares that can be bought back at 10% of the total number of shares making up the share capital on December 31, 2009, or 26,425,435 shares with a par value of 5.50 euros, for a maximum total amount of 4,360,196,775 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, and by all available means, either on or off a stock exchange, in private transactions, including the purchase of blocks of shares, or through the use of option mechanisms, and, if applicable, by all third parties acting on behalf of the Company, in accordance with the last paragraph of Article L. 225-206 of the French Commercial Code.

Shares bought back may be assigned or transferred in any manner on or off a stock exchange or through private transactions, including the sale of blocks of shares, in accordance with the applicable regulations.

Dividends on own shares held by the Company shall be allocated to retained earnings.

This authorization shall be granted for a period of eighteen months starting from the date of this Shareholders' Meeting. It supersedes the authorization granted by the Ordinary Shareholders' Meeting of May 7, 2009 with respect to the non-utilized portion of such authorization.

Renewal of the terms of office of three Board Directors

The terms of office of Béatrice Majnoni d'Intignano, Benoît Potier and Paul Skinner are due to expire at the date of this Shareholders' Meeting.

As Béatrice Majnoni d'Intignano, Benoît Potier and Paul Skinner agree to the renewal of their terms of office, we propose a resolution with a view to re-electing them as members of the Company's Board of Directors for a period of four years.

The Board of Director confirmed its intention to renew Mr. Benoît Potier's term of office as Chairman and Chief Executive Officer at its meeting to be held following this Meeting. The concurrent holding of the offices of Chairman of the Board of Directors and Chief Executive Officer is justified by the wish to maintain a close relationship between executive officers and shareholders, in keeping with Air Liquide group tradition. The combined duties are carried out in compliance with the rules of sound governance to which the Air Liquide Group has always adhered (including the prevalence of independent directors within the Board of Directors – see page 78 of this Reference Document).

Appointment of a director

Upon the recommendation of the Appointments and Governance Committee, the Board of Directors proposes the appointment of Mr. Jean-Paul Agon as Director, for a term of four years. Mr. Jean-Paul Agon began his career at the L'Oréal group in 1978 and has been Chief Executive Officer since 2006. He brings to the Board his expertise as manager of an international corporation and his specific understanding of consumer product markets.

Agreements and commitments between the Company and its corporate officers

These resolutions concern regulated agreements between related parties, entered into between the Company and its executives.

With respect to Mr. Benoît Potier:

(i) In accordance with the recommendations of the AFEP/MEDEF Code of Corporate Governance, Mr. Benoît Potier decided to terminate his employment contract through resignation at the time of renewal of his term of office as Chairman and Chief Executive Officer at the close of this Annual Shareholders' Meeting. He will then be the Chairman and Chief Executive Officer, a corporate officer with no employment contract.

Accordingly, subject to the condition precedent of the renewal of Mr. Benoît Potier's terms of office as director and as Chairman and Chief Executive Officer, the Board of Directors made the following decisions on February 12, 2010, which you are asked to approve:

- amend the termination indemnity to which Mr. Benoît Potier is entitled, subject to performance conditions, which may not exceed a total of 24 months' fixed and variable remuneration and is limited to cases of forced departure following a change of strategy or a change in control. The amendment made removes all reference to Mr. Benoît Potier's employment contract as from the date of termination of such contract and provides for a gradual decrease in the amount of the indemnity if the forced departure occurs during the 24 months prior to the date when Mr. Benoît Potier reaches the statutory age limit, i.e. 63 years of age. In any case, no indemnity will be paid if, on the date of forced departure, Mr. Benoît Potier asks for the payment of his pension rights;
- amend the commitment made by the Company with regard to Mr. Benoît Potier entitling him, as the case may be, to receive an indemnity to compensate for the loss of pension rights, removing all reference to the terminated employment contract and using the same degressive formula as that applicable to the termination indemnity. This indemnity will automatically lapse in 2012 on Mr. Benoît Potier's 55th birthday;

(ii) You are also asked to approve the application to Mr. Benoît Potier of the amendments made to the Group's defined benefit and defined contribution pension plans and supplementary health plans concerning executives and corporate officers. With respect to pensions, the plans have been amended notably to reduce the defined benefit portion of the plan in favor of the defined contribution portion.

For Mr. Pierre Dufour, you are asked to approve the application, for his benefit, of these same amended pension and supplemental health plans.

The agreements and commitments mentioned are set out in detail in the Special Report of the Statutory Auditors on related party agreements and commitments (see page 254) and in the report on remuneration of corporate officers and directors, which you will find in their entirety in this Reference Document (see page 102).

The Board of Directors' decisions of February 12, 2010 were made public on the Company's website, www.airliquide.com.

Statutory Auditors' terms of office

The terms of office of the Company's Statutory Auditors, both principal and deputy, expiring following the Combined Shareholders' Meeting of May 5, 2010, you are asked to decide on these offices for the next period of six years. This topic was the subject of a detailed analysis on the part of the Audit and Accounts Committee within the framework of a structured review procedure for the engagements and the organization of the Group's external audit.

In view of the Audit and Accounts Committee's recommendation, we ask you, taking into account, in particular, the change of Statutory Auditors that occured in 2004, to renew the term of office of Mazars and to appoint Ernst & Young et Autres (in replacement of Ernst & YoungAudit) as principal Statutory Auditors.

Pursuant to the French Commercial Code and the provisions governing the rotation of the signatory partner, Mr. Jean-Yves Jegourel shall replace Mr. Olivier Breillot as signatory partner for Ernst & Younget Autres, and Mr. Lionel Gotlib shall replace Mr. Frédéric Allilaire as signatory partner for Mazars.

Moreover, and also on the Audit and Accounts Committee's recommendation, we ask that you renew the term of office of Mr. Patrick de Cambourg and appoint Auditex as deputy Statutory Auditors.

RESOLUTIONS WITHIN THE AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Cancellation of shares purchased by the Company via a reduction in share capital

No shares were cancelled by the Board of Directors in 2009 (see page 234 Information on the completion of the share buy-back program).

You are asked to authorize the Board of Directors to cancel, via its decisions alone, on one or more occasions, and within the limit of 10% of the Company's share capital per twenty-four month period, any or all of the shares bought back by the Company within the scope of the authorization adopted by this Ordinary Shareholders' Meeting in its fourth resolution and of those shares bought back within the scope of the authorization adopted by the Ordinary Shareholders' Meetings of May 7, 2009, May 7, 2008 and May 9, 2007 and to reduce the share capital by this amount.

The difference between the book value of the cancelled shares and their par value will be allocated to any reserve or additional paid-in capital (share premium) accounts.

This authorization shall be granted for a period of twenty-four months starting from the date hereof and supersedes the authorization granted by the Extraordinary Shareholders' Meeting of May 7, 2009 in its twelfth resolution.

Allotment of share subscription and purchase options

The Company's policy for allotting options and conditional grants of shares to employees (CGSE), pursuant to the recommendations of the AFEP/MEDEF Code, is described in detail in this 2009 Reference Document (p. 110).

The Combined Shareholders' Meeting of May 9, 2007 authorized the Board, for a period of 38 months, within the scope of Articles L. 225-177 *et seq.* of the French Commercial Code to grant on one or more occasions, to employees and/or executive corporate officers of the Company or its subsidiaries within the meaning of Article L. 225-180 of the French Commercial Code or some of such employees and/or executive corporate officers, options conferring entitlement to subscribe to new shares of the Company to be issued pursuant to an increase in share capital or options conferring entitlement to the purchase of Air Liquide shares bought back by the Company in accordance with the fourth resolution. The total number of the options thus granted over a period of 38 months may not confer entitlement to a total number of shares exceeding 2% of the Company's share capital on the date the options were allocated by the Board of Directors. The period of validity during which the options may be exercised was set at a maximum of 10 years as from the date of their allocation by the Board of Directors.

This authorization was partially used for an allotment of 1,432,834 share subscription options in 2007, 2008 and 2009. In order to allow the Board of Directors to pursue its share subscription option and share purchase option allotment program, we ask that you replace the previous authorization, which will expire, with a new authorization given to the Board for 38 months, in accordance with Articles L. 225-177 *et seq.* of the French Commercial Code, to grant on one or more occasions, to employees and/ or executive corporate officers of the Company or its French and foreign subsidiaries within the meaning of Article L. 225-180 of the French Commercial Code or some of such employees and/ or executive corporate officers, options conferring entitlement to subscribe to new shares of the Company to be issued pursuant to an increase in share capital or options conferring entitlement to the purchase of Air Liquide shares bought back by the Company.

The Board of Directors thus wishes to pursue the strategy already initiated in 2009, under which the Board decided, on the recommendation of the Remuneration Committee, to impose performance conditions on the exercise of all the options granted to executive corporate officers and to part of those allotted to members of the Executive Committee (conditions based on the Company's accounting ratios). The terms and conditions governing the allotment of options in 2009, and the allotment conditions and limits specific to executive corporate officers, are described in this 2009 Reference Document (and on Company's website, www.airliquide.com). The Board of Directors has further decided that, starting from 2010, any grant to a beneficiary of a number of options exceeding a threshold of 1,500 options will be made conditional on performance conditions, for 50% of the options granted in excess of said threshold. This decision has no impact on grant of options to executive corporate officers, which remain in their entirety subject to performance conditions. For the members of the Executive Committee, as from 2010, it substitutes for the rule applied to the 2009 grant.

The total number of the options thus granted may not confer entitlement to a total number of shares exceeding 2% of the Company's share capital on the date the options were allocated by the Board of Directors, this limit being unchanged in relation to the previous authorization. The period of validity during which the options may be exercised is set at a maximum period of 10 years as from the date of their allocation by the Board of Directors, and full powers are granted to the Board of Directors to set a shorter period. This authorization is granted for a period of thirty-eight months as from the date hereof. It shall entail an express waiver by the shareholders of their preferential subscription right to the shares that shall be issued as and when the options are exercised in favor of the beneficiaries of the options to subscribe to shares. The allotment shall be carried out under the conditions provided for by law and the applicable regulations

The Board of Directors, within the limits provided for by law, shall set the conditions in which the options will be granted, the list of beneficiaries and the number of the options offered and shall determine the subscription or purchase price of the shares, which may not be lower than the average of the opening trading prices for the twenty trading days prior to the date when the option is granted (the price will thus be set without using the discount option, provided by the law).

This price may not be modified unless the Company were to carry out one of the financial or securities transactions provided for by law. In such a case, the Board of Directors would make an adjustment, under the conditions provided for in the regulations, to the number and the price of the shares covered by the options granted, in order to take into account the impact of the transaction; it may furthermore, in such a case, if it were to consider it necessary, temporarily suspend the right to exercise the options during the period of such transaction. This authorization shall supersede the authorization granted by the Extraordinary Shareholders' Meeting of May 9, 2007 in its ninth resolution, which was partially used.

Conditional grants of shares to employees (CGSE)

The Company's policy for Conditional Grants of Shares to Employees ("CGSE") is described in detail in this 2009 Reference Document (p.110).

The Extraordinary Shareholders' Meeting of May 9, 2007 authorized the Board, for a period of 38 months, to proceed to free grant of shares to employees of the Company and its subsidiaries or the corporate officers of these subsidiaries (excluding the Company's executive corporate officers and, by decision of the Board of Directors, the members of the Executive Committee). The total number of shares thus granted over the period of 38 months may not exceed 0.5% of the Company's share capital on the date the shares were granted by the Board of Directors. This authorization was partially used when the Board of Directors implemented CGSE plans in 2008 and 2009, under which a total of 239,324 shares were allotted, subject to continued service and performance conditions.

The seventeenth resolution sets out to renew this authorization, granting the Board of Directors, for a period of 38 months, the authority to proceed with conditional grants of shares to employees of the Company and its subsidiaries or the corporate officers of these subsidiaries (excluding the Company's executive corporate officers).

As was the case with the option grants, the Board of Directors wishes to pursue the strategy already initiated in 2008 (first grant) and in 2009, upon recommendation of the Remuneration Committee, with regard to performance conditions for CGSE. These conditions apply to all shares allotted to all beneficiaries, and their rate of achievement is used to determine how many shares are definitively vested. These conditions are defined using the Company's accounting ratios (the conditions applicable to the 2008 and 2009 grants are described in the present Reference Document (see page 114) and, for the 2009 grant, on the Company's website, www.airliquide.com).

Subject to the achievement of these conditions, the grant shall be definitive at the end of a minimum vesting period of either (i) four years (with no holding requirement after this period) or (ii) two years (in this case with a holding requirement after the minimum two-year period), depending on the Board of Directors' decision.

The number of shares that may be granted would be limited to 0.5% of share capital on the date of the Board of Directors' decision.

Authorization to issue free share subscription warrants in case a takeover bid is launched on the Company

The law of March 31, 2006 transposing the Takeover Directive allows, in case a takeover bid is launched on the Company, the issuance of share subscription warrants at preferential terms to any Company shareholder. As for the similar resolution voted last year by the shareholders, the delegation that is submitted to you concerns the case of a takeover bid on the Company's shares launched within eighteen months after this Shareholders' Meeting, if such takeover bid qualifies under the so-called "reciprocity exception" as provided by law.

The "reciprocity exception" applies in particular if a takeover bid is launched by a bidder that is not itself subject to a rule preventing it, were it subject to a takeover bid, from adopting defensive measures against such offer without first seeking the approval of its shareholders, or if the bidder is controlled by an entity that is not itself subject to such rule or acting in concert with such an entity.

Air Liquide's business model is based on performance and long-term value creation, and the primary mission of the Board of Directors is to preserve the interests of the Company and its shareholders. Accordingly, the Board of Directors considers that the power to issue such warrants is a mechanism likely to ensure the full valuation of the Company in the context of a takeover bid by inducing the bidder to raise the price of his bid in case the initial price was deemed too low. This mechanism is therefore aimed at preserving the interests of the Company and its shareholders in compliance with the Company's values. Moreover, the mechanism is strictly defined by law and the AMF General Regulations, so as to ensure in particular compliance with governance rules, equal treatment of all shareholders and equal treatment of potential bidders. Besides, taking into account the Company's specific shareholding structure, the time required for the convening of a General Meeting during a takeover bid is not consistent with the practical aspects necessary to collect votes from all shareholders wishing to vote.

Therefore, you are asked to authorize the Board of Directors to issue warrants and to award them to all shareholders at no cost, as provided under the law of March 31, 2006. This delegation will be used only if the Board of Directors deems that a takeover bid is contrary to the interests of the Company and its shareholders. The Board of Directors may consult any outside expert of its choosing to assist in making this determination and to assess whether or not the "reciprocity exception" applies to the bid.

In case this delegation is used, the Board of Directors, based on a report prepared by an advisory bank, shall report to the shareholders, at the time of the issuance of the warrants, on:

- the circumstances and reasons supporting the Board's assessment that the takeover bid is not in the interests of the Company and its shareholders and justifying the issue of such warrants;
- as well as the criteria and methods used to set the terms and conditions for determining the warrant exercise price.

The free allocation of these warrants to all the shareholders is a mechanism equivalent to a preferential subscription right: indeed, it gives each shareholder, in proportion to the shares held, a preferential right to be awarded these warrants. These warrants would allow the shareholders to subscribe shares of the Company on preferential terms, but the warrants would lapse should the takeover bid or any competing takeover bid fail, lapse or be withdrawn.

The number of warrants to be issued would be limited to the number of shares forming the share capital on the date of issuance of the warrants, and the nominal amount of the share capital increase that would result from the exercise of the warrants would be capped at 776.4 million euros, namely 50% of the share capital (after taking into account the bonus share issue due to take place in 2010). The other characteristics of the warrants and the conditions of their exercise are set by the Board of Directors. The Board of Directors will be able to use this authorization for any takeover bid filed within 18 months after the vote of this resolution, under the conditions provided by law. In practice, a periodic consultation of the shareholders will be necessary for the renewal of this authorization.

Share capital increase by capitalizing additional paid-in capital, reserves or profits

The Combined Shareholders' Meeting of May 7, 2008 had granted the Board of Directors, for a period of 26 months, the authorization to increase share capital, on one or more occasions, by capitalizing additional paid-in capital, reserves, profits or other amounts means with a view to allotting bonus shares and/or increasing in the par value of existing shares for a maximum amount of 250 million euros.

This authorization was partially used in 2008, the Company having increased share capital by capitalizing 133.2 million euros deducted from "Additional paid-in capital" and "General reserves", by the creation of 24,217,886 bonus shares allocated to shareholders, in the ratio of one new share for 10 existing shares.

The proposed resolution seeks to renew this authorization, thus allowing the Company to grant one bonus share for 15 existing shares on May 28, 2010.

Consequently, under the terms of the nineteenth resolution, we ask that you delegate to the Board of Directors, with the option of sub-delegation, the authority to decide one or more share capital increases by capitalizing additional paid-in capital, reserves, profits or other amounts, whose capitalization will be possible under the law and the articles of association through an allotment of bonus shares to the shareholders and/or an increase in the par value of existing shares.

The total amount of share capital increases likely to be performed may not exceed 250 million euros, this limit being separate and independent from the limit provided for in the fourteenth resolution voted by the Shareholders' Meeting of May 7, 2009 and may not in any event whatsoever exceed the amount of the reserves, additional paid-in capital, or profits accounts referred to above which exist at the time of the share capital increase.

This delegation shall strip any previous delegation, having the same purpose, of any legal effect whatsoever.

Share capital increases reserved for employees

Upon the decision of the Board of Directors, acting in accordance with the delegation of authority granted by the Shareholders' Meeting of May 7, 2008, a share capital increase for all Group employees was carried out in May 2009. The transaction, conducted in 65 countries, enabled the subscription of 999,229 shares by 18,523 Group employees.

The Shareholders' Meeting of May 7, 2009 authorized the Board of Directors to increase share capital for a maximum of 30.25 million euros in par value, and a maximum of 5 million shares, for Group employees belonging to a Group or Company savings plan. This authorization was not used.

In accordance with legal provisions, these resolutions are submitted again for the vote of the shareholders. The two resolutions proposed to the Shareholders' Meeting are identical to those approved on May 7, 2009.

Shareholders, having read the Board of Directors' Report and the Statutory Auditors' Special Report, are therefore asked to authorize the Board of Directors to decide one or more share capital increases, at the time or times and in the proportions that it deems appropriate, via the issuance of ordinary shares of the Company, as well as any other marketable securities granting access, immediately or in the future, to the Company's share capital, reserved for:

- under the twentieth resolution,

  the members, from the Company and the French or foreign companies which are affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, of a Company or Group savings plan (directly or through a Company mutual fund or all other structures or entities permitted by applicable legal or regulatory provisions). The delegation shall be valid for a period of twenty-six months starting from the date of this Shareholders' Meeting;

- under the twenty-first resolution,

  a category of beneficiaries, defined as any financial institution or subsidiary of such an institution mandated by Air Liquide, which would subscribe to shares, or other marketable securities issued by the Company pursuant to the twenty-first resolution, with the sole intent to enable employees and corporate officers of foreign companies, affiliated to the Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, to benefit from a plan with an economic profile comparable to an employee share ownership scheme that would be set up in connection with a share capital increase performed in accordance with the twentieth resolution of this Shareholders' Meeting, assuming the implementation of an identical employee share ownership scheme for the benefit of the employees and corporate officers of the aforementioned foreign companies would conflict with local legal, regulatory or tax constraints. The delegation shall be valid for a period of eighteen months starting from the date of this Shareholders' Meeting.

The total amount of share capital increases likely to be performed in accordance with these two resolutions may not exceed a maximum par value of 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares (amounts identical to those approved in 2009). Furthermore, the total maximum amount of share capital increases likely to be performed on the basis of these two resolutions shall be deducted from the overall limit stipulated in paragraph 2 of the fourteenth resolution of this Shareholders' Meeting of May 7, 2009. In the event that they are used, the proposed resolutions will automatically result in the cancellation of the shareholders' preferential subscription rights in favor of the above-mentioned beneficiaries.

Pursuant to these two resolutions, the subscription price may not exceed the average, determined in accordance with Article L. 3332-19 of the French Labor Code, of the opening trading prices for the Company's share during the twenty stock market trading days preceding the date of the decision setting the opening date for the subscription to a share capital increase made on the basis of the twentieth resolution, or be more than 20% lower than such average, bearing in mind that the shareholders will officially authorize the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, within the legal and regulatory limits. In accordance with Article L. 3332-21 of the French Labor Code, the Board of Directors may provide for the allotment, on a bonus basis, to the beneficiaries referred to in the twentieth resolution, of shares to be issued or already issued or other securities granting access to the Company's share capital to be issued or already issued, in respect of (i) the contribution that could be paid in accordance with the regulations governing Company or Group saving plans, and/or (ii) where appropriate, the discount.

Should the beneficiaries referred to in the twentieth resolution not subscribe to the entire share capital increase within the allotted deadlines, the share capital increase would only be performed for the amount of the shares subscribed, and the non-subscribed shares may be offered again to the beneficiaries concerned within the scope of a subsequent share capital increase.

Finally, the shareholders shall grant full powers to the Board of Directors, with the option of sub-delegation under the conditions determined by law, to set, within the limits described above, the various terms and conditions governing the implementation of the two proposed resolutions.

Combined Shareholders' Meeting – May 5, 2010

ORDINARY SHAREHOLDERS' MEETING

APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR

PURPOSE

Having reviewed the reports of the Board of Directors and the Statutory Auditors, shareholders are asked in **the 1st and 2nd resolutions** to approve the company financial statements and consolidated financial statements of Air Liquide for the year ended December 31, 2009.

First resolution

(Approval of the financial statements for the year ended December 31, 2009)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, after having reviewed:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Company's financial statements, income statement, balance sheet and notes thereto;

approve the Company's financial statements for the year ended December 31, 2009 as presented, and approve the transactions reflected in these financial statements or mentioned in these reports.

The shareholders set the amount of net earnings for the year at 816,221,443 euros.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2009)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, after having reviewed:

- the Reports of the Board of Directors and the Statutory Auditors;
- the Group's consolidated financial statements;

approve the consolidated financial statements for the year ended December 31, 2009 as presented.

APPROPRIATION OF EARNINGS AND SETTING OF DIVIDENDS

PURPOSE

In the **3rd resolution**, shareholders are asked to take due note of the distributable earnings for the year and approve the appropriation of earnings and the distribution of a dividend of 2.25 euros per share, payable on May 17, 2010.

The measures taken by the Group in the unprecedented economic downturn ensured that earnings per share were stable. It is in this context that the Board proposes to maintain the dividend at the level of the one paid out in 2009.

A bonus dividend of 10%, i.e. 0.22 euros per share, shall be granted to shares which have been held in registered form since December 31, 2007, and which shall remain held in this form continuously until May 17, 2010, the dividend payment date. As of December 31, 2009, 25% of shares comprising share capital meet this requirement.

With a pay-out ratio of 49.5% of the Group's net income, the dividend proposed to shareholders is an integral part of Air Liquide's policy to grow and develop shareholder portfolios in the long term.

Third resolution

(Appropriation of 2009 earnings and setting of dividends)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, after having noted that, considering the fiscal year 2009 earnings of 816,221,443 euros, the allocation of 1,832,604 euros to the legal reserve, and the retained earnings of 380,147,848 euros as of December 31, 2009, distributable earnings for the year total 1,194,536,687 euros, approve the proposals of the Board of Directors regarding the appropriation of earnings. The shareholders hereby decide to appropriate distributable earnings as follows:

Retained earnings	585,385,116 euros
Dividend (including the bonus dividend)	609,151,571 euros

Hence, a dividend of 2.25 euros shall be paid on each of the shares conferring entitlement to a dividend, it being specified that in the event of a change in the number of shares conferring entitlement to a dividend compared to the 264,254,354 shares making up the share capital as of December 31, 2009, the overall dividend amount would be adjusted accordingly and the amount appropriated to the "Retained earnings" account would be determined on the basis of the dividend effectively paid.

In accordance with the provisions of Article 243 bis of the French Tax Code, it is specified that this dividend is eligible in its entirety for the 40% allowance referred to in section 2° of paragraph 3 of Article 158 of the French Tax Code.

The dividend shall be payable on May 17, 2010:

- for directly registered shares: directly by the Company, based on the means of payment which has been indicated to it by their holders;
- for indirectly registered shares, as well as for bearer shares which are registered in shareholder accounts: by the authorized intermediaries to whom the management of these shares has been entrusted.

The dividend distributions made with respect to the last three fiscal years are as follows:

2006	Total amount distributed [(a)] *(in euros)*	Number of shares concerned [(b)]	Dividend distributed eligible in its entirety for the 40% allowance mentioned in Article 158.3.2° of the French Tax Code *(in euros)*
Ordinary dividend	484,596,756	121,149,189	4.00
Bonus dividend	12,450,439	31,126,097	0.40
2007	**Total amount distributed [(a)]** *(in euros)*	**Number of shares concerned [(b)]**	**Dividend distributed eligible in its entirety for the 40% allowance mentioned in Article 158.3.2° of the French Tax Code** *(in euros)*
Ordinary dividend	537,400,597	238,844,710	2.25
Bonus dividend	13,549,177	61,587,166	0.22
2008	**Total amount distributed [(a)]** *(in euros)*	**Number of shares concerned [(b)]**	**Dividend distributed eligible in its entirety for the 40% allowance mentioned in Article 158.3.2° of the French Tax Code** *(in euros)*
Ordinary dividend	587,075,283	260,922,348	2.25
Bonus dividend	14,953,289	67,969,494	0.22

(a) Theoretical values calculated based on the number of shares as of December 31 for each fiscal year.
(b) Number of shares expressed historically as of December 31 for each fiscal year.
The amounts paid after adjustment were as follows:

- *fiscal year 2006: 492,601,341 euros for 120,196,888 shares;*
- *fiscal year 2007: 543,902,599 euros for 235,958,155 shares;*
- *fiscal year 2008: 602,950,665 euros for 261,657,353 shares.*

The adjustment arises from the existence of treasury shares, from the final determination of the bonus dividend taking into account shares sold between January 1st and the dividend ex-date, and from the exercise of options and (in 2009) the share capital increase reserved for employees, carried out over this same period.

Pursuant to the provisions of the Articles of Association, a bonus dividend of 10%, i.e. 0.22 euros per share with a par value of 5.50 euros, shall be granted to shares which have been held in registered form since December 31, 2007, and which shall remain held in this form continuously until May 17, 2010, the dividend payment date. In accordance with the provisions of Article 243 bis of the French Tax Code, it is specified that this dividend is also in its entirety eligible for the 40% allowance referred to in section 2° of paragraph 3 of Article 158 of the aforementioned Code.

The amount of the bonus dividend, for the 66,269,428 shares which have been held in registered form since December 31, 2007, and which remained held in this form continuously until December 31, 2009, totaled 14,579,274 euros.

The total bonus dividend corresponding to those shares out of the aforementioned 66,269,428 shares that will have been sold between January 1, 2010 and May 17, 2010, the dividend payment date, shall be deducted from such amount.

BUYBACK BY THE COMPANY OF ITS OWN SHARES

PURPOSE

The 4th **resolution** renews the authorization granted to the Board to allow the Company to buy back its own shares.

The maximum purchase price is set at 165 euros per share and the maximum number of shares that can be bought back is limited to 10% of the total number of shares comprising the share capital as of December 31, 2009, i.e. 26,425,435 shares for a maximum total amount of 4,360,196,775 euros.

The objectives of the share buyback program are detailed in the 4th resolution and the program description available on the Company's website www.airliquide.com.

These shares may, among others, be cancelled in order to offset in the long term the dilutive impact for shareholders of the allocation of share subscription options and/or a free grant of shares to employees or a subscription reserved for employees.

In 2009, no shares were bought back outside of the liquidity contract. As of December 31, 2009, the Company held 1.09 million shares, outside of the liquidity contract, for the purpose of exchange or payment in the context of external growth transactions and the implementation of plans for the free grant of shares. These shares represent 0.41% of the Company's share capital. They do not have any voting rights and their related dividends are allocated to retained earnings.

Fourth resolution

(Authorization granted to the Board of directors for a period of 18 months to allow the Company to trade in its own shares)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code and the directly applicable provisions of European Commission regulation no. 2273/2003 of December 22, 2003, authorize the Board of Directors to allow the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the fifteenth resolution;
- retain them for the purpose of tendering them within the scope of an exchange offer or for payment in external growth transactions, in accordance with recognized market practice and applicable regulations;
- tender them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means;
- implement (i) any share purchase option plans or (ii) plans for free grants of shares, or (iii) any employee share ownership transactions reserved for members of a company savings plan, performed under the terms and conditions set forth in Articles L. 3331-1 *et seq.* of the French Labor Code through the transfer of shares bought back previously by the Company under this resolution, or providing for a free grant of shares in respect of a contribution in shares by the Company and/or to replace the discount;
- maintain an active market in the Company's shares pursuant to a market liquidity contract in accordance with an ethics charter recognized by the French Financial Markets Authority (Autorite des marches financiers).

The shareholders set the maximum purchase price at 165 euros (excluding acquisition costs) per share with a par value of 5.50 euros and the maximum number of shares that can be bought back at 10% of the total number of shares comprising the share capital at December 31, 2009, i.e. 26,425,435 shares with a par value of 5.50 euros, for a maximum total amount of 4,360,196,775 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for takeover bids on the Company's share capital, and by all available means, either on or off a stock exchange, in private transactions, including the purchase of blocks of shares, or through the use of option mechanisms, and, if applicable, by all third parties acting on behalf of the Company, under the terms and conditions stipulated in the last paragraph of Article L. 225-206 of the French Commercial Code.

Shares bought back may be assigned or transferred in any manner on or off a stock exchange or through private transactions, including the sale of blocks of shares, in accordance with the applicable regulations.

Dividends on own shares held by the Company shall be allocated to retained earnings.

This authorization is granted for a period of eighteen months starting from the date of the Shareholders' Meeting. It supersedes the authorization granted by the fourth resolution of the Ordinary Shareholders' Meeting of May 7, 2009 with respect to the non-utilized portion of such authorization.

The shareholders give full powers to the Board of Directors, with the possibility of delegating such powers, to implement this authorization, place orders for trades, enter into all agreements, perform all formalities and make all declarations with regard to all authorities and, generally, do all that is necessary for the execution of any of the Board's decisions made in connection with this authorization.

The Board of Directors shall inform the shareholders of any transactions performed in accordance with applicable regulations.

APPOINTMENT OR RENEWAL OF TERMS OF OFFICE OF DIRECTORS

PURPOSE

The **5th, 6th and 7th resolutions** concern **the renewal of the terms of office** of certain Company directors. The Board of Directors currently comprises 11 members, 8 of whom are considered as independent within the meaning of the Board's Internal Regulations.

The purpose of the resolutions submitted to your vote is the renewal, for a period of four years, of the term of office of:

- Mrs. Béatrice Majnoni d'Intignano, University Professor of Economic Sciences, member of the Board since May 2002;
- Mr. Benoît Potier, Chairman and Chief Executive Officer; and
- Mr. Paul Skinner, former Group Managing Director of Royal Dutch/Shell and former Chairman of Rio Tinto plc, member of the Board of Directors since May 2006.

The Board of Directors confirmed its intention to renew Mr. Benoît Potier's term of office as Chairman and Chief Executive Officer at its meeting to be held following this Meeting. The concurrent holding of the offices of Chairman of the Board of Directors and Chief Executive Officer is justified by the wish to maintain a close relationship between executive officers and shareholders, in keeping with Company tradition. The combined duties are carried out in compliance with the rules of sound corporate governance to which Air Liquide has always adhered, including the prevalence of independent directors within the Board of Directors – see page 78 of this Reference Document. Accordingly, the role of the Appointments and Governance Committee has been strengthened in 2010 ; its purpose is notably to verify that the governance bodies operate properly.

Upon the recommendation of the Appointments and Governance Committee, shareholders are asked by virtue of the **8th resolution** to appoint Mr. Jean-Paul Agon, the chief executive officer of L'Oréal Group, as Director for a term of four years.

Mr. Jean-Paul Agon began his career at L'Oréal Group in 1978 and has been CEO since 2006. He brings to the Board his expertise as manager of an international corporation and his specific understanding of consumer product markets.

Following this appointment and the renewals, the Board of Directors will comprise 12 members, of whom 9 are independent within the meaning of the Board's Internal Regulations. The Board of Directors has also planned to confirm the appointment of Mrs. Béatrice Majnoni d'Intignano and Mr. Paul Skinner, assuming their terms of office as directors are renewed, to the Audit Committee, which will therefore continue to be exclusively comprised of independent members. The Chairmen of the Appointments and Governance Committee and the Remuneration Committee are also independent directors.

Fifth resolution

(Renewal of the term of office of Mrs. Béatrice Majnoni d'Intignano as director)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to renew the term of office of Mrs. Béatrice Majnoni d'Intignano as a director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2014, called to approve the financial statements for the fiscal year ending December 31, 2013.

Sixth resolution

(Renewal of the term of office of Mr. Benoît Potier as director)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to renew the term of office of Mr. Benoît Potier as a director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2014, called to approve the financial statements for the fiscal year ending December 31, 2013.

Seventh resolution

(Renewal of the term of office of Mr. Paul Skinner as director)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to renew the term of office of Mr. Paul Skinner as a director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2014, called to approve the financial statements for the fiscal year ending December 31, 2013.

Eighth resolution

(Appointment of Mr. Jean-Paul Agon as director)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors, decide to appoint Mr. Jean-Paul Agon as a director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2014, called to approve the financial statements for the fiscal year ending December 31, 2013.

AGREEMENTS BETWEEN THE COMPANY AND ITS EXECUTIVE CORPORATE OFFICERS

PURPOSE

The **9th and 10th resolutions** concern regulated agreements between related parties, entered into between the Company and its executives.

With respect to Mr. Benoît Potier:

(i) In accordance with the recommendations of the AFEP/MEDEF Code of Corporate Governance, Mr. Benoît Potier decided to terminate his employment contract through resignation at the time of renewal of his term of office as Chairman and Chief Executive Officer at the close of this Annual Shareholders' Meeting. He will then be the Chairman and Chief Executive Officer, a corporate officer with no employment contract.

Accordingly, subject to the condition precedent of the renewal of Mr. Benoît Potier's terms of office as director and as Chairman and Chief Executive Officer, the Board of Directors made the following decisions on February 12, 2010, which you are asked to approve:

- amend the termination indemnity to which Mr. Benoît Potier is entitled, subject to performance conditions, which may not exceed a total of 24 months' fixed and variable remuneration and is limited to cases of forced departure following a change of strategy or a change in control. The amendment made removes all reference to Mr. Benoît Potier's employment contract as from the date of termination of such contract and provides for a gradual decrease in the amount of the indemnity if the forced departure occurs during the 24 months prior to the date when Mr. Benoît Potier reaches the statutory age limit, i.e. 63 years of age. In any case, no indemnity will be paid if, on the date of forced departure, Mr. Benoît Potier asks for the payment of his pension rights;
- amend the commitment made by the Company with regard to Mr. Benoît Potier entitling him, as the case may be, to receive an indemnity to compensate for the loss of pension rights, removing all reference to the terminated employment contract and using the same degressive formula as that applicable to the termination indemnity. This indemnity will automatically lapse in 2012 on Mr. Benoît Potier's 55th birthday.

(ii) you are also asked to approve the application to Mr. Benoît Potier of the amendments made to the Group's defined benefit and contribution pension and supplementary health plans concerning executives and corporate officers. With respect to pensions, the plans have been amended notably to reduce the defined benefit portion of the plan in favor of the defined contribution portion.

For Mr. Pierre Dufour, you are asked to approve the application, for his benefit, of these same amended pension and supplemental health plans.

The agreements and commitments mentioned are set out in detail in the Special Report of the Statutory Auditors on related party agreements and commitments and in the report on remuneration of corporate officers and directors, which you will find in their entirety in this Reference Document. The Board of Directors' decisions of February 12, 2010 were made public on the Company's website, www.airliquide.com.

Ninth resolution

(Approval of the commitments referred to in Articles L. 225-38 *et seq.* of the French Commercial Code and of the Statutory Auditors' Special Report relating to Mr. Benoît Potier)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, take due note that the Special Report provided for by the laws and regulations currently in force on the commitments referred to in Articles L. 225-38 *et seq.* of the French Commercial Code undertaken in favor of Mr. Benoit Potier, has been submitted to them.

The shareholders approve the commitments and the report prepared with regard to such commitments pursuant to Articles L. 225-38 *et seq.* of the French Commercial Code.

Tenth resolution

(Approval of the commitments referred to in Article L. 225-38 of the French Commercial Code and of the Statutory Auditors' Special Report relating to Mr. Pierre Dufour)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, take due note that the Special Report provided for by the laws and regulations currently in force on the commitments referred to in Article L. 225-38 of the French Commercial Code undertaken in favor of Mr. Pierre Dufour, has been submitted to them.

The shareholders approve the commitments and the repvort prepared with regard to such commitments pursuant to Article L. 225-38 of the French Commercial Code.

STATUTORY AUDITORS' TERMS OF OFFICE

PURPOSE

The terms of office of the Company's Statutory Auditors, both principal and deputy, expiring following the Combined Shareholders' Meeting of May 5, 2010, you are asked by virtue of the **11th, 12th, 13th and 14th resolutions** to decide on these offices for the next period of six years. This topic had been the subject of a detailed analysis by the Audit and Accounts Committee within the framework of a structured review procedure for the engagements and the organization of the Group's external audit. Based on the Committee's recommendations, the shareholders are asked by the Board of Directors, taking into account, in particular, the change of Statutory Auditors that occured in 2004, to renew the term of office of Mazars and to appoint Ernst & Young et Autres (in replacement of Ernst & Young Audit) as the Company's Principal Statutory Auditors, and to renew the term of office of Mr. Patrick de Cambourg and appoint Auditex as Deputy Statutory Auditors. Pursuant to the legal provisions governing the rotation of signatories, the signatory partners of Mazars and Ernst & Young et Autres will be replaced.

Eleventh resolution

(Appointment of Ernst & Young et Autres as Statutory Auditor)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, decide, on the proposal of the Board of Directors, to appoint Ernst & Young et Autres as Statutory Auditor for a term of six years which will expire at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2015.

Twelfth resolution

(Renewal of Mazars as Statutory Auditor)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, decide, on the proposal of the Board of Directors, to renew the term of office of Mazars as Statutory Auditor for a period of six years which will expire at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2015.

Thirteenth resolution

(Appointment of Auditex as deputy Statutory Auditor)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, decide, on the proposal of the Board of Directors, to appoint Auditex as deputy Statutory Auditor for a term of six years which will expire at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2015.

Fourteenth resolution

(Renewal of Mr. Patrick de Cambourg as deputy Statutory Auditor)

The shareholders, deliberating according to the *quorum* and majority required for Ordinary Shareholders' Meetings, decide, on the proposal of the Board of Directors, to renew the term of office of Mr. Patrick de Cambourg as deputy Statutory Auditor for a period of six years which will expire at the end of the Ordinary Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2015.

EXTRAORDINARY SHAREHOLDERS' MEETING

CANCELLATION OF SHARES PURCHASED BY THE COMPANY VIA A REDUCTION IN CAPITAL

PURPOSE

In keeping with the decisions of previous Shareholders' Meetings, the **15th resolution** authorizes the Board of Directors to cancel any or all of the shares purchased in the share buyback program and reduce share capital under certain conditions.

The difference between the book value of the cancelled shares and their par value will be allocated to any reserve or additional paid-in capital accounts.

This authorization granted to the Board of Directors in the 15th resolution will be for a period of 24 months.

Fifteenth resolution

(Authorization granted for a period of 24 months to the Board of directors to reduce the share capital by cancellation of treasury shares)

The shareholders, deliberating according to the *quorum* and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, authorize the Board of Directors to cancel, via its decisions alone, on one or more occasions, and within the limit of 10% of the Company's share capital per twenty-four month period, any or all of the shares bought back by the Company within the scope of the authorization adopted by this Ordinary Shareholders' Meeting in its fourth resolution and of those shares bought back within the scope of the authorizations adopted by the Ordinary Shareholders' Meetings of May 7, 2009, May 7, 2008 and May 9, 2007 and to reduce the share capital by this amount.

This authorization is granted for a period of twenty-four months starting from the date of this Shareholders' Meeting. It supersedes the authorization granted by the Extraordinary Shareholders' Meeting of May 7, 2009 in its twelfth resolution.

Full powers are granted to the Board of Directors to implement this authorization, amend the Articles of Association, deduct the difference between the book value of the shares cancelled and their par value amount from all reserve and additional paid-in-capital accounts, and with the possibility of sub-delegation, to carry out the necessary formalities to implement the reduction in capital which shall be decided in accordance with this resolution.

ALLOTMENT OF SHARE SUBSCRIPTION AND PURCHASE OPTIONS

PURPOSE

The Company's policy for allotting options and conditional grants of shares to employees (CGSE), pursuant to the recommendations of the AFEP-MEDEF code, is described in detail in this 2009 Reference Document (p. 110).

The purpose of the **16th resolution** is to allow the Board of Directors to renew the 2007 Company's share purchase and subscription option allotment program authorization.

The Board of Directors wishes to pursue the strategy already initiated in 2009, under which the Board decided, upon the recommendation of the Remuneration Committee, to impose performance conditions based on Company accounting ratio on the exercise of all the options granted to executive corporate officers and to a part of those allotted to members of the Executive Committee. The terms and conditions governing the allotment of options in 2009, and the allotment conditions and limits specific to executive corporate officers, are described in this 2009 Reference Document and on the Company's website, www.airliquide.com.

The Board of Directors has further decided that, starting from 2010, for any grant to a beneficiary of a number of options exceeding a threshold of 1,500 options, 50% in excess of this will be made conditional on performance conditions. This decision has no impact on grants of options to executive corporate officers, which remain in their entirety subject to performance conditions. For the members of the Executive Committee, from 2010, this condition will replace that prevailing in 2009.

Furthermore, as in previous years, the resolution stipulates that the price will be set without using the discount option, provided by the law. Finally, the total number of options granted under this resolution may not confer entitlement to a total number of shares exceeding 2% of the Company's share capital. The number of options already allotted by the Company under previous resolutions, that can still be exercised, represent as of December 31, 2009 1.86% of the Company's share capital.

This authorization granted to the Board of Directors in the 16th resolution will be for a period of 38 months.

Sixteenth resolution

(Authorization granted, for a period of 38 months, to the Board of Directors to grant to employees and/or executive corporate officers share subscription options or share purchase options)

The shareholders, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report:

- authorize the Board of Directors within the scope of Articles L. 225-177 *et seq.* of the French Commercial Code to grant on one or more occasions, to employees and/or executive corporate officers of the Company or its French and foreign subsidiaries within the meaning of Article L. 225-180 of the French Commercial Code or some of such employees and/or executive corporate officers, options conferring entitlement to subscribe to new shares of the Company to be issued pursuant to an increase in capital or options conferring entitlement to the purchase of existing Air Liquide shares bought back by the Company;
- decide that the total number of the options thus granted over a period of 38 months may not confer entitlement to a total number of shares exceeding 2% of the Company's share capital on the date the options were allocated by the Board of Directors, bearing in mind that the total number of shares thus determined shall not take into account any adjustments that could be made in accordance with the French Commercial Code in the event of a transaction involving the Company's share capital;
- set the period of validity during which the options may be exercised at a maximum period of 10 years as from the date of their allocation by the Board of Directors, and grant full powers to the Board of Directors to set a shorter period;
- decide that this authorization is granted for a period of thirty-eight months as from the date hereof. It shall entail an express waiver by the shareholders of their preferential subscription right to the shares that shall be issued as and when the options are exercised in favor of the beneficiaries of the options to subscribe to shares;
- decide that the Board of Directors, within the limits provided for by law and this resolution, shall set the conditions in which the options will be granted, the list of beneficiaries and the number of the options offered and shall determine the subscription or purchase price of the shares, which may not be lower than the average of the opening trading prices for the twenty trading days prior to the date when the option is granted, or for share purchase options, the average purchase price of the Company's treasury shares. This price may not be modified unless the Company were to carry out one of the financial or securities transactions provided for by law. In such a case, the Board of Directors would make an adjustment, under the conditions provided for in the regulations, to the number and the price of the shares covered by the options granted, in order to take into account the impact of the transaction; it may furthermore, in such a case, if it were to consider it necessary, temporarily suspend the right to exercise the options during the period of such transaction.

This authorization supersedes the authorization granted by virtue of the ninth resolution of the Extraordinary Shareholders' Meeting of May 9, 2007,for its non-utilized part.

CONDITIONAL GRANTS OF SHARES TO EMPLOYEES

PURPOSE

The purpose of the **17th resolution** is to give the Board of Directors, for a period of 38 months, the authority to make free grants of shares to employees of the Company and its French and foreign subsidiaries, excluding the Company's executive corporate officers and (by decision of the Board of Directors) the members of the Executive Committee (Conditional Grants of Shares to Employees - CGSE).

The Board of Directors wishes to pursue the strategy already prevalent in 2008 (initial allotment) and in 2009 upon recommendation of the Remuneration Committee with regard to performance conditions for CGSE. These conditions apply to all shares allotted to all beneficiaries, and their rate of achievement is used to determine how many of these shares are definitively vested. These conditions are defined using the Company's accounting ratios (the conditions applicable to the 2008 and 2009 grants are described in the 2009 Reference Document and on the Company's website www.airliquide.com for the 2009 grant). Subject to the achievement of these conditions, the grant shall be definitive at the end of a minimum vesting period of either (i) four years (with no holding requirement after this period) or (ii) two years (in this case with a holding requirement after the minimum two-year period), depending on the Board of Directors' decision.

The number of shares that may be granted would be limited to 0.5% of share capital on the date of the Board of Directors' decision. The number of shares granted under the previous resolution (subject to the achievement of the conditions set by the Board) represents 0.09% of the Company's share capital, as at December 31, 2009.

Seventeenth resolution

(Authorization granted, for a period of 38 months, to the Board of Directors to grant existing or new shares to employees or corporate officers of the Group or some of such employees or corporate officers)

The shareholders, deliberating according to the *quorum* and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report,

1. authorize the Board of Directors, within the scope of Articles L. 225-197-1 *et seq.* of the French Commercial Code, to proceed, on one or more occasions, to free grants of existing or new shares to beneficiaries whom it will determine from among the employees of the Company (excluding executive corporate officers of the Company) or among the employees and corporate officers of entities affiliated with the Company within the meaning of Article L. 225-197-2 of the aforementioned Code, under the conditions set out below;
2. decide that the existing or new shares that are granted pursuant to this authorization may not represent more than 0.5% of the share capital on the date of the decision by the Board of Directors to grant them, bearing in mind that the total number of shares thus determined shall not take into account any adjustments that could be made in the event of a transaction involving the Company's share capital;
3. decide that the grant of such shares to their beneficiaries shall become definitive either:

   i) at the end of a minimum vesting period of two years, it being specified that the beneficiaries shall then be required to hold such shares for a minimum period of two years as from their final allotment date; or

   ii) for all or some of the shares granted, at the end of a minimum vesting period of four years, in which case no minimum holding period shall apply,

   it being specified that the Board of Directors shall have the option to choose between these two possibilities and to use them alternatively or concurrently, and that it may, in either case, extend the vesting period, and, in the first case, extend the holding period and, in the second case, provide for a holding period;
4. decide that the grant of such shares to their beneficiaries shall become definitive prior to the end of the above-mentioned vesting periods in the event of a disability of the beneficiary corresponding to classification in the second or third category provided for in Article L. 341-4 of the French Social Security Code and that such shares shall be freely transferable in the event of disability of the beneficiary corresponding to classification in the above-mentioned categories under the French Social Security Code;
5. take due note that, in the event of the free grant of new shares, this authorization shall entail, as and when such shares are definitively allotted, an increase in capital by capitalization of additional paid-in capital, reserves or profits in favor of the beneficiaries of the shares and the correlative waiver by the shareholders of their preferential subscription rights to such shares in favor of the beneficiaries;
6. grant full powers to the Board of Directors, with the possibility of sub-delegation under the conditions laid down by law, in order to implement this authorization. The Board of Directors shall have full powers in order to, in particular:
   - determine the identity of the beneficiaries, or the category or categories of beneficiaries, of the allotted shares and the number of shares allotted to each of them,
   - set the conditions and, where applicable, the criteria for the allotment of shares,
   - provide for the possibility to provisionally suspend the rights to the allotment under the conditions provided for by law and the applicable regulations,
   - to enter the allotted free shares in a registered account in the name of their holder, mentioning, where applicable, the holding period and the length of such period, and to waive

the holding period for the shares in any circumstances in which this resolution or the applicable regulations make it possible to waive such holding period,

- provide for the possibility, if it deems necessary, to make adjustments to the number of allotted free shares in order to preserve the rights of the beneficiaries, depending on any transactions involving the Company's share capital carried out during the vesting period, as referred to in section 2 of Article L. 225-181 of the French Commercial Code, and under such conditions as it may determine,
- in the event of the issue of new shares, to deduct, where applicable, from additional paid-in capital, reserves or profits as it chooses, the amounts required to pay for such shares, record the completion of the capital increases carried out pursuant to this authorization, make the corresponding amendments to the Articles of Association and, in general, carry out all acts and complete all formalities that may be required.

This authorization is granted for a period of thirty-eight months as from the date hereof and supersedes the authorization granted by virtue of the tenth resolution of the Extraordinary Shareholders' Meeting of May 9, 2007, for its non-utilized part.

AUTHORIZATION TO ISSUE FREE SHARE SUBSCRIPTION WARRANTS IN THE EVENT OF A TAKEOVER BID FOR THE COMPANY

PURPOSE

The Combined Shareholders' Meetings of May 7, 2008 and May 7, 2009 had authorized the Board of Directors to issue, in case of a takeover bid for the Company, warrants for all shareholders, allowing them to subscribe, on preferential terms, to the Company's shares. This authorization was not used.

As for the similar resolution voted last year by the Shareholders' Meeting, the shareholders are asked in the **18th resolution** to authorize the Board of Directors to allot free share subscription warrants to shareholders in the event of a takeover bid for the Company in the 18 months following the Shareholders' Meeting, provided such bid would be initiated by, in particular, an entity not subject to the same restrictions in its actions, in the context of a takeover bid, as those applicable to Air Liquide (lack of reciprocity). For instance, there would be a «lack of reciprocity» should a takeover bid be filed for the Company by an entity which itself, if subject to a takeover bid, would be able to implement measures likely to impede such bid without having to previously obtain approval from its shareholders.

Air Liquide's business model is based on performance and long-term value creation, and the primary mission of the Board of Directors is to preserve the interests of the Company and its shareholders.

Accordingly, the Board of Directors considers that the power to issue such warrants in the event of a takeover bid for the Company would fully comply with the interests of the Company and its shareholders as well as the Company's values. This power is a mechanism likely to ensure the full valuation of the Company in the context of a takeover bid by inducing the bidder to raise the price of its bid in case the initial price was deemed too low. This mechanism is strictly defined by law and the French financial market authority *(Autorité des marchés financiers)* General Regulations. Besides, taking into account the Company's specific shareholding structure, the time required for the convening of a General Meeting during a takeover bid is not consistent with the practical aspects necessary to collect votes from all the shareholders wishing to vote.

This delegation will be used only if the Board of Directors deems that a takeover bid is contrary to the interests of the Company and its shareholders. The Board of Directors may consult any outside expert of its choosing to assist in making this determination and to assess whether or not the "lack of reciprocity" applies to the bid.

Should this delegation be used, the Board of Directors, based on a report prepared by an advisory bank, shall report to the shareholders, at the time of the issuance of the warrants, on the circumstances and reasons supporting the Board's assessment that the takeover bid is not in the interests of the Company and its shareholders and justifying the issue of such warrants, as well as the criteria and methods used to set the terms and conditions for determining the warrant exercise price.

The number of warrants to be issued would be limited to the number of shares forming the share capital on the warrants date of issuance, and the par value of the capital increase that would result from the exercise of the warrants would be capped at 776.4 million euros, namely 50% of the share capital (after taking into account the bonus share issue due to take place in 2010).

The Board of Directors will be able to use this authorization for any takeover bid filed within 18 months after the vote of this resolution. Regular approval by shareholders will be necessary for the renewal of this authorization.

Eighteenth resolution

(Delegation of authority granted, for a period of 18 months, to the Board of Directors in order to issue free share subscription warrants in the event of a takeover bid for the Company)

The Extraordinary General Meeting, deliberating under the conditions of *quorum* and majority required for Ordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report and deliberating in accordance with Articles L. 233-32 II and L. 233-33 of the French Commercial Code:

1. delegates to the Board the authority to decide, in the event of a takeover bid for the Company:
   - the issuance, on one or several occasions, in the amount and on the dates it will determine, of warrants allowing for the subscription, on preferential terms, to one or several shares of the Company,
   - their free allocation to any person who is a shareholder of the Company before the bidding period ends, and
   - the terms and conditions of the exercise of such warrants and their characteristics, such as the subscription price and more generally the terms of any issuance based on this resolution;
2. decides that the total par value amount of the share capital increase that would result from the exercise of the warrants shall not exceed 776.4 million euros, this maximum limit being set independently of any other maximum limit related to the issuances of equity securities or marketable securities conferring entitlement to share capital authorized by this Shareholders' Meeting or any previous Shareholders' Meeting; this limit will be increased by the amount corresponding to the par value of the securities necessary to the realization of the adjustments likely to be made in accordance with applicable legislative and regulatory provisions (particularly in case of a change in the par value of the shares, a capital increase by capitalization of reserves, issuance of new equity securities with a preferential subscription right reserved for shareholders) and if need be, in accordance with the contractual provisions providing for other cases of adjustment, to preserve the rights of the aforementioned warrant holders;
3. decides that the maximum number of warrants that could be issued shall not exceed the number of shares comprising the share capital at the time of the issuance of the warrants;
4. decides that this delegation will be used only in the event of a takeover bid for the Company;
5. decides that should this delegation be implemented, the Board of Directors, based on a report prepared by an advisory bank, shall report to the shareholders, at the time warrants are issued, on:
   - the circumstances and reasons supporting the Board's assessment that the takeover bid is not in the interests of the Company and its shareholders and justifying the issue of such warrants,
   - as well as the criteria and methods used to set the terms and conditions for determining the warrant exercise price.
6. decides that the Board, with the power to sub-delegate within the limits set by the Articles of Association or by law, shall have all the powers to implement this delegation, under the conditions provided by law.

These warrants will lapse automatically as soon as the takeover bid or any potential competitive bid fails, lapses or is withdrawn; the warrants which would lapse in accordance with the law shall not be taken into account for the calculation of the maximum number of warrants which may be issued, as mentioned under point 3. above.

This delegation is granted to the Board of Directors for a period which shall expire at the end of the bidding period of any takeover bid for the Company within eighteen months from the date of this Shareholders' Meeting. It supersedes the delegation of authority granted to the Board of Directors with respect to the thirteenth resolution of the Extraordinary Shareholders' Meeting of May 7, 2009.

SHARE CAPITAL INCREASE BY CAPITALIZING ADDITIONAL PAID-IN CAPITAL, RESERVES OR PROFITS

PURPOSE

The Combined Shareholders' Meeting of May 7, 2008 had granted the Board of Directors the authorization, for a period of 26 months, to increase share capital, on one or more occasions, by capitalizing additional paid-in capital, reserves, profits or other amounts with a view to, among others, allot bonus shares to shareholders.

This authorization was partially used in 2008: the Company allotted one bonus share for 10 former shares following a share capital increase by capitalizing a total amount of 133.2 million euros deducted from the "Additional paid-in capital" and "General reserve" headings, thus creating 24,217,886 shares.

The purpose of the **19th resolution** is to renew this authorization in order to, among others, allow the Company to allot one bonus share for 15 former shares as of May 28, 2010.

Pursuant to the provisions of the Articles of Association, a bonus allotment of 10% shall be granted to shares which have been held in registered form for at least two years.

Nineteenth resolution

(Delegation of authority granted, for a period of 26 months, to the Board of Directors to increase share capital by capitalizing additional paid-in capital, reserves, profits or other amounts in order to allot bonus shares to shareholders and/or to increase the par value of existing shares, for a maximum amount of 250 million euros)

The shareholders, deliberating according to the *quorum* and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Director's Report and in accordance with Articles L. 225-129-2 and L. 225-130 of the French Commercial Code:

- delegate to the Board of Directors, with the option of sub-delegation, the authority to decide one or more capital increases by capitalizing additional paid-in capital, reserves, profits or other amounts, whose capitalization will be possible under the law and the Articles of Association through an allotment of bonus shares to the shareholders and/or an increase in the par value of existing shares;
- the delegation thereby granted to the Board of Directors is valid for a period of twenty-six months starting from the date of this Shareholders' Meeting;
- decide that the total amount of share capital increases likely to be performed may not exceed 250 million euros, this limit being separate and independent from the limit provided for in the fourteenth resolution voted by the Shareholders' Meeting of May 7, 2009 and may not in any event whatsoever exceed the amount of the reserve, additional paid-in capital or profit accounts referred to above which exist at the time of the capital increase (it being specified that these amounts do not include additional shares to be issued, in accordance with applicable legal and regulatory provisions, and when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of securities or other rights conferring access to share capital);
- decide that, should the Board of Directors use this delegation, in accordance with Article L. 225-130 of the French Commercial Code, fractional shares shall not be transferable and the corresponding securities shall be sold; the sums resulting from such sale shall be allocated to the holders of rights under the applicable regulatory conditions;
- take due note that this delegation strips any previous delegation, having the same purpose, of any legal effect whatsoever;
- grant full powers to the Board of Directors, with the option of sub-delegation under the conditions set by law, to implement this delegation and notably determine the issuance terms and conditions, deduct from one or more available reserve accounts the costs relating to the corresponding capital increase and if deemed appropriate, deduct all sums necessary to bring the legal reserve up to at least ten percent of the new share capital after each issuance, take due note of the completion of all capital increases resulting therefrom and perform all necessary amendments to the Articles of Association.

SHARE CAPITAL INCREASES RESERVED FOR EMPLOYEES

PURPOSE

At the end of 2009, the share capital held by employees and former employees of the Group is estimated at 2%, of which 1.4% (in the meaning of Article L.255-102 of the French Commercial Code) correspond to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds. This figure takes into account the share capital increase reserved for employees in May 2009. The Group wishes to continue increasing the involvement of employees in its development. These operations contribute significantly to increasing employee motivation and sense of belonging to the Group.

In accordance with legal provisions, you are again asked to approve these two resolutions, approved at the Shareholders' Meeting of May 7, 2009. The total amount of share capital increases likely to be performed under these resolutions remains unchanged at 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares, or 2.08% of share capital as of December 31, 2009. This amount shall be deducted from the maximum par value amount of 350 million euros stipulated in the 14th resolution voted by the Extraordinary Shareholders' Meeting of May 7, 2009, relating to the overall limit for share capital increases likely to be performed with delegation to the Board of Directors.

The **20th resolution** specifies the terms and conditions of the share capital increases reserved for members of a Company or Group savings plan.

The **21st resolution** will allow the employees and corporate officers of Group companies abroad who could not subscribe to the share capital increases stipulated in the 20th resolution, to benefit from a comparable system.

The subscription price of the shares to be issued pursuant to the two proposed resolutions shall be defined in accordance with the French Labor Code and may hence be subject to a maximum discount of 20%.

The delegations granted in the 20th and 21st resolutions will be valid for periods of 26 and 18 months, respectively. They shall result in the waiver by shareholders of their preferential subscription rights in favor of the beneficiaries.

Twentieth resolution

(Delegation of authority granted, for a period of 26 months, to the Board of Directors to perform share capital increases reserved for members of Company or Group savings plans)

The shareholders, deliberating according to the *quorum* and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, deliberating pursuant to Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 3333-1 *et seq.* of the French Labor Code:

1. delegate to the Board of Directors the authority to decide to increase share capital, on one or more occasions, at the time or times and in the proportions that it deems appropriate, via the issuance of ordinary shares of the Company as well as any other marketable securities granting access, immediately or in the future, to the Company's share capital, reserved for employees who contribute to a Company or Group savings plan.

   The delegation thereby granted is valid for a period of twenty-six months starting from the date of this Shareholders' Meeting;

2. decide that the total amount of share capital increases likely to be performed under this resolution may not exceed a maximum par value amount of 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares, it being specified that this amount does not include additional shares to be issued, in accordance with applicable legal and regulatory provisions, and when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of marketable securities or other rights conferring access to share capital and that the total amount of share capital increases likely to be performed under this resolution and the twenty-first resolution may not exceed the aforementioned par value amount of 30.25 million euros;
3. decide that the maximum par value amount of share capital increases likely to be performed on the basis of this delegation shall be deducted from the overall limit stipulated in paragraph 2 of the fourteenth resolution voted by the Extraordinary Shareholders' Meeting of May 7, 2009;
4. decide that the beneficiaries of these capital increases will be, directly or through a Company mutual fund or all other structures or entities permitted by applicable legal or regulatory provisions, the members, within the Company and the French or foreign companies which are affiliated to it within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, of a Company or Group savings plan;
5. decide to cancel the preferential subscription rights of shareholders to the new shares or other marketable securities granting access to capital and to the marketable securities to which the latter would confer entitlement, which shall be issued in favor of the members of a Company or Group savings plan in accordance with this resolution;
6. decide that the subscription price may not exceed the average, determined in accordance with Article L. 3332-19 of the French Labor Code, of the opening trading prices for the Company's share during the twenty trading days preceding the date of the decision setting the opening date for the subscription period, or be more than 20% lower than such average, bearing in mind that the shareholders officially authorize the Board of Directors, if deemed appropriate, to reduce or cancel the aforementioned discount, within the legal and regulatory limits;
7. decide, in accordance with Article L. 3332-21 of the French Labor Code, that the Board of Directors may provide for the allotment for no consideration, to the aforementioned beneficiaries, of shares to be issued or already issued or other securities granting access to the Company's capital to be issued or already issued, in respect of (i) the contribution that could be paid in accordance with the regulations governing Company or Group saving plans, and/or (ii) where appropriate, the discount;
8. also decide that, should the beneficiaries not subscribe to the entire capital increase within the allotted deadlines, the capital increase would only be performed for the amount of the shares subscribed, and that the non-subscribed shares may be offered again to the beneficiaries concerned within the scope of a subsequent capital increase;
9. grant full powers to the Board of Directors with the option of sub-delegation under the conditions set by law, to determine, within the limits described above, the various terms and conditions of the transaction and particularly:
   - define the criteria which the companies must meet in order for their employees to be entitled to benefit from the capital increases,
   - determine a list of these companies,
   - set the terms and conditions of the share issue, the characteristics of the shares, and, where appropriate, the other marketable securities, determine the subscription price calculated based on the method defined above, set the terms and conditions and deadline for fully paying up the subscribed shares, deduct from the "Additional paid-in capital" account all costs relating to these capital increases and, if deemed appropriate, all sums necessary to bring the legal reserve up to one tenth of the new share capital after each share issue, and generally complete, directly or through an authorized representative, all the transactions and formalities relating to the share capital increases performed under this resolution,
   - set the opening and closing dates for the subscription period, record the completion of the corresponding capital increase and amend the Articles of Association accordingly;
10. decides that this delegation of authority strips of all legal effect the delegation granted to the Board of Directors pursuant to the sixteenth resolution of the Extraordinary Shareholders' Meeting of May 7, 2009, for the amount of the non-utilized portion of such authorization.

Twenty-first resolution

(Delegation of authority granted, for a period of 18 months, to the Board of Directors to perform share capital increases reserved for a category of beneficiaries)

The shareholders, deliberating according to the *quorum* and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Report of the Board of Directors and the Statutory Auditors' Special Report, pursuant to Articles L. 225-129 to L.225-129-2 and Article L. 225-138 of the French Commercial Code:

1. delegate to the Board of Directors, the authority to decide to increase share capital, on one or more occasions, at the time or times and in the proportions it shall deem fit, via the issuance of ordinary shares of the Company as well as any other marketable securities conferring entitlement, immediately or in the future, to the Company's share capital, reserved for the category of beneficiaries defined hereafter;
2. decide that the total amount of share capital increases likely to be performed under this resolution may not exceed a maximum par value amount of 30.25 million euros, corresponding to the issue of a maximum of 5.5 million shares, it being specified that this amount does not include additional shares to be issued, in accordance with applicable legal and regulatory provisions, and when relevant, contractual stipulations providing for other adjustments, to preserve the rights of holders of marketable securities or other rights conferring access to share capital and that the total amount of share capital increases likely to be performed under this resolution and the twentieth resolution may not exceed the aforementioned par value amount of 30.25 million euros;
3. decide that the maximum par value amount of share capital increases likely to be performed on the basis of this delegation shall be deducted from the overall limit stipulated in paragraph 2 of the fourteenth resolution voted by the Extraordinary Shareholders Meeting of May 7, 2009;
4. decide to cancel the preferential subscription rights of shareholders to the shares or marketable securities and to the marketable securities to which the latter would confer entitlement, which shall be issued pursuant to this resolution and to reserve the right to subscribe them to the category of beneficiaries meeting the following characteristics: any financial institution or subsidiary of such an institution mandated by the Company and which would subscribe to shares, or other marketable securities issued by the Company pursuant to this resolution, with the sole intent to enable employees and corporate officers of foreign companies, affiliated to the Company within the meaning of Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, to benefit from a plan with an economic profile comparable to an employee share ownership scheme that would be set up in connection with a share capital increase performed in accordance with the twentieth resolution of this Shareholders' Meeting, assuming the implementation of an identical employee share ownership scheme for the benefit of the employees and corporate officers of the aforementioned foreign companies would conflict with local legal, regulatory or tax constraints;
5. decide that the unit price for the issue of the shares to be issued pursuant to this resolution shall be determined by the Board of Directors based on the Company's share price; this issue price shall be equal to the average of the opening trading prices for the share during the twenty trading days preceding the date of the Board of Directors' decision setting the opening date for the period of subscription to a share capital increase performed on the basis of the twentieth resolution, with the possibility of reducing this average by a maximum discount of 20%; the amount of this discount shall be determined by the Board of Directors in view of the legal, regulatory and tax constraints under the applicable foreign law, where applicable;
6. decide that the Board of Directors shall have full powers, under the terms and conditions set forth by law and within the limits defined above, with the option of sub-delegation, so as to implement this delegation and particularly in order to:
   - set the date and price for the issue of shares to be issued in accordance with this resolution as well as the other terms and conditions governing the issue,
   - determine the beneficiary (or list of beneficiaries) for the cancellation of the preferential subscription right within the above-defined category, as well as the number of shares to be subscribed by such beneficiary (or each beneficiary),
   - where appropriate, determine the characteristics of the other marketable securities granting access to the Company's share capital under the applicable legal and regulatory conditions,
   - record the completion of the share capital increase, complete, directly or through an authorized representative, all the transactions and formalities involving the share capital increases and on its sole decision and if it deems appropriate, deduct the share capital increase costs from the amount of additional paid-in capital relating to such increases, amend the Articles of Association accordingly and perform all the necessary formalities, and where appropriate, take any measures with a view to listing the shares issued pursuant to this resolution for trading on the Euronext Paris;
7. decide that the delegation granted to the Board of Directors is valid for a period of eighteen months starting from the date of this Shareholders' Meeting and strips of all legal effect the delegation granted to the Board of Directors pursuant to the seventeenth resolution of the Extraordinary Shareholders' Meeting of May 7, 2009, for the amount of the non-utilized portion of such authorization.

ORDINARY SHAREHOLDERS' MEETING

POWERS

PURPOSE

The **22nd resolution** is a standard resolution required for the completion of publications and legal formalities.

Twenty-second resolution

(Powers for formalities)

Full powers are granted to a holder of a copy or extract of the minutes of this Shareholders' Meeting to perform all official publications and other formalities required by law and the regulations.

Statutory Auditors' Report

Statutory Auditors' Special Report on related-party agreements and commitments

This is an unofficial translation into English of the Statutory Auditors' Special Report on related-party agreements and commitments that is issued in the French language and provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with French law and professional auditing standards applicable in France. It should be understood that the agreements and commitments reported on are only those provided for by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report on the agreements and commitments with related parties.

In accordance with Article L. 225-40 of the French Commercial Code (Code de commerce), we have been advised of the agreements and commitments which were authorized by the Board of Directors.

We are not required to ascertain whether any other agreements and commitments exist but to inform you, based on information provided to us, of the principal terms and conditions of those agreements and commitments brought to our attention, without expressing an opinion on their usefulness and appropriateness. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the benefits resulting from the conclusion of these agreements and commitments prior to their approval.

We conducted our work by applying the procedures we considered necessary in light of the professional standards of the French National Institute of Statutory Auditors with regard to this engagement. These procedures enabled us to verify that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements and commitments authorized and entered into after the end of the fiscal year

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments which were authorized by the Board of Directors during its meeting of February 12, 2010.

1. With Mr. Benoît Potier

Termination indemnities

The Board of Directors decides that, in the event of the forced departure of Mr. Potier (removal from office, non-renewal of his duties, request for resignation) from his corporate offices as Chairman and Chief Executive Officer

(a) related to a change of strategy, or

(b) that takes place within 24 months following the acquisition of control of Air Liquide by a person acting alone or several persons acting in concert,

the Company undertakes to pay Mr. Potier a fixed aggregate indemnity in full discharge equal to twenty-four months' gross fixed and variable remuneration, the calculation being based on the average monthly amount of gross fixed and variable remuneration received by Mr. Potier during the twenty-four months prior to departure. It is specified that the indemnities related to paragraphs (a) and (b) may not be received concurrently.

Payment of the indemnity due in respect of a forced departure as mentioned above is subject to compliance with conditions related to Mr. Potier's performance assessed in light of the Company's own performance, defined as of the date hereof as follows:

Entitlement to the indemnity will depend on, and the amount of the indemnity will be adjusted on the basis of, the average of the annual variance between the Return on capital employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) assessed on the basis of accounting net equity and calculated over the last three financial years prior to the financial year in which the departure occurs. These performance conditions will be re-examined, notably at the time of each renewal of Mr. Potier's term of office and, where applicable, during the course of his term of office.

Average variance (ROCE – WACC)	Percentage of the indemnity due
≥ 200 bp*	100%
≥ 100 bp and < 200 bp	66%
≥ 50 bp and < 100 bp	50%
≥ 0 bp and < 50 bp	33%
< 0	0

* *bp: basis points*

If the forced departure occurs during the twenty-four months prior to the date when Mr. Potier's term of office as Chairman and Chief Executive Officer expires as a result of the statutory age time, the amount of the indemnity will be capped at the number of months' gross remuneration between the date of forced departure and the date on which the statutory age limit will be reached. No indemnity will be paid if, on the date of forced departure, the beneficiary asks for the payment of his pension rights.

This commitment will be effective at the close of the Annual Shareholders' Meeting on May 5, 2010 on the condition precedent of the renewal of Mr. Potier's terms of office as director and Chairman and Chief Executive Officer of the Company. It cancels and supersedes the decision made by the Board of Directors at its meeting of February 13, 2009 on the same subject as from the effective date.

Indemnity to compensate for the loss of pension rights in respect of the corporate office

- In the event of termination of his corporate office on the company's initiative before he reaches fifty-five years of age and except in the event of gross misconduct or gross negligence, the Board of Directors has awarded Mr. Potier an indemnity to compensate for the loss of his rights under the supplementary defined-benefit pension plan applicable to senior management executives and members of the executive management of the Company ("plan S"). This indemnity, corresponding to the pension annuity to which Mr. Potier was able to claim entitlement under plan S, will be calculated in accordance with the terms and conditions of plan S or of any other defined-benefit pension plan which may replace it. Payment of this indemnity is subject to compliance with conditions related to Mr. Potier's performance assessed in light of the company's own performances defined as follows: entitlement to the indemnity will depend on, and the amount of the indemnity will be adjusted on the basis of, the average of the annual variance between the Return on capital employed after tax (ROCE) and the Weighted Average Cost of Capital (WACC) (assessed on the basis of net equity according to the financial statements) calculated with respect to the last seven financial years prior to the financial year in which the departure occurs. The performance conditions will be re-examined in particular at the time of each renewal of the corporate office. In any event, this commitment will lapse on Mr. Potier's 55th birthday.

Average variance (ROCE – WACC)	Proportion of the indemnity due
≥ 200 bp*	100%
≥ 100 bp and < 200 bp	66%
≥ 50 bp and < 100 bp	50%
≥ 0 bp et < 50 bp	33%
< 0	0

* *bp: basis points*

This commitment will be effective at the close of the Annual Shareholders' Meeting on May 5, 2010 on the condition precedent of the renewal of Mr. Potier's terms of office as director and Chairman and Chief Executive Officer of the Company. This commitment will lapse in 2012 on the date of Mr. Potier's 55th birthday. This commitment cancels and supersedes the decision made by the Board of Directors at its meeting of February 14, 2008 on the same subject as from its effective date.

Pension plan

- Until December 31, 2009, Mr. Potier was entitled to benefit from the supplementary and additional defined-contribution pension schemes applicable to senior management executives and members of the executive management for the portion of his remuneration which was lower than sixteen times the French social security ceiling and from the supplementary defined-benefit pension scheme applicable to senior management executives and members of the executive management for the portion of remuneration exceeding sixteen times the French social security ceiling. The contributions paid by the Company in 2009 under these defined-contribution plans totaled €79,862.

- As from January 1, 2010, in light of the changes made to the entire pension system for management executives, the defined-contribution schemes will cover the part of the remuneration which amounts to less than twenty-four times the French social security ceiling and the defined-benefit scheme will cover the portion of remuneration exceeding twenty-four times the French social security ceiling.

The total pension benefits, for all types of pension schemes combined, may not exceed 45% of the average of the three highest total amounts of annual remuneration for each of the last five years. For this calculation, the average of the variable parts of remuneration taken into account may not exceed 100% of the average of the fixed remuneration amounts.

This agreement entails an amendment to the decision made by the Board of Directors on May 10, 2006 on the same subject as from its effective date.

Death, disability and related benefits scheme

As a corporate officer, Mr. Potier benefits from the death, disability and related benefits scheme for senior management executives and members of the executive management whose total remuneration exceeds eight times the French social security ceiling. This scheme guarantees payment of a lump-sum amount in the event of death or permanent total disability.

The contributions paid by the Company in this respect in 2009 totaled €60,475.

As from January 1, 2010, the definition of participant in this scheme has been changed to adopt a uniform definition with that applied for the supplementary pension schemes for members of the executive management. These changes do not have any impact on the specific case of Mr. Potier.

This agreement entails an amendment to the decision made by the Board of Directors on May 10, 2006 on the same subject as from its effective date.

2. With Mr. Pierre Dufour

Pension plan

- Until December 31, 2009, Mr. Dufour was entitled to benefit from the supplementary and additional defined-contribution pension schemes applicable to senior management executives and members of the executive management for the portion of remuneration lower than sixteen times the French social security ceiling and from the supplementary defined-benefit pension scheme applicable to senior management executives and members of the executive management for the portion of remuneration exceeding sixteen times the French social scurity ceiling. The contributions paid by the Company in 2009 under these defined-contribution plans totaled €79,862.
- As from January 1, 2010, in light of the changes made to the entire pension system for management executives, the defined-contribution schemes will cover the part of remuneration which amounts to less than twenty-four times the French social security ceiling and the defined-benefit scheme will cover the portion of remuneration exceeding twenty-four times the French social security ceiling.
- The total pension benefits, for all types of pension schemes combined, may not exceed 45% of the average of the three highest total amounts of annual remuneration for each of the last five years. For this calculation, the average of the variable parts of remuneration taken into account may not exceed 100% of the average of the fixed remuneration amounts.

This agreement entails an amendment to the decision made by the Board of Directors on November 8, 2007 on the same subject as from its effective date.

Death, disability and related benefits scheme

As a corporate officer, Mr. Dufour benefits from the death, disability and related benefits scheme for senior management executives and members of the executive management whose total remuneration exceeds eight times the French social security ceiling. This scheme guarantees payment of a lump-sum amount in the event of death or permanent total disability.

The contributions paid by the Company in this respect in 2009 totaled €23,741.

As from January 1, 2010, the definition of participant in this scheme has been changed to adopt a uniform definition with that applied for the supplementary pension schemes for the members of the executive management. These changes do not have any impact on the specific case of Mr. Dufour.

This agreement entails an amendment to the decision made by the Board of Directors on November 8, 2007 on the same subject as from its effective date.

Agreements and commitments authorized in previous fiscal years which continued during the fiscal year

In addition, pursuant to the French Commercial Code, we have been advised that the following agreements and commitments, approved in previous years, continued during the year ended December 31, 2009.

1. With Mr. Benoît Potier

Amendment to employment contract

- Mr. Potier's employment contract is suspended during his term of office as Chairman and Chief Executive Officer. When this term of office expires under whatever circumstances, his employment contract shall be automatically reinstated with immediate effect. In consideration thereof, Mr. Potier will receive fixed remuneration calculated on the basis of the fixed portion of his remuneration received at the time his contract was suspended, revised taking into account the changes in the remuneration of the Company's senior management executives during the suspension period. He may also be entitled to variable remuneration.
- The employment contract shall add to the length of service acquired by Mr. Potier prior to the suspension of his contract, the length of service acquired under this term of office with all effects attached thereto, particularly for the rights to retirement benefits from all pension schemes.

It should be noted that this agreement will cease to apply at the end of the Annual Shareholders' Meeting of May 5, 2010 on the condition precedent of renewal of Mr. Potier's terms of office as director and Chairman and Chief Executive Officer.

Unemployment insurance

Mr. Potier benefits, in his capacity as a corporate officer, from the guarantee covering corporate managers and executives subscribed by the Company.

The contributions paid by the Company in this respect in 2009 totaled €7.737.

2. With Mr. Klaus Schmieder

Termination indemnities

Mr. Schmieder benefited, in the event of removal from office or non-renewal of his duties as Senior Executive Vice-President taking place within a period of twenty-four months following a change in control of Air Liquide, from an indemnity equal to twelve months' average gross monthly fixed and variable remuneration received on any basis whatsoever during the previous twenty-four months. Payment of the indemnity due in respect of forced departure provided for above was subject to compliance with performance conditions.

This agreement has no effect on the fiscal year. It has become null and void following Mr. Schmieder's retirement.

Pension plan

Mr. Schmieder benefited from the supplementary and additional defined-contribution pension plans applicable to senior management executives and members of the executive management for the portion of remuneration lower than sixteen times the French social security ceiling and from the supplementary defined-benefit pension scheme applicable to senior management executives and members of the executive management for the portion of remuneration exceeding sixteen times the French social security ceiling.

The total pension benefits, for all types of pension schemes combined, both in France and other countries, may not exceed 45% of the average of the three highest amounts of the total amounts of annual remuneration fro each of the last five years. For this calculation, the average of the variable parts of remuneration taken into account may not exceed 100% of the average of the fixed remuneration amounts.

The contributions paid by the Company in 2009 under these defined-contribution plans totaled €79,862.

Mr. Schmieder asked for payment of his pension rights as of December 31, 2009.

3. With Mr. Pierre Dufour

Termination indemnities

In the event of forced departure of Mr. Dufour (removal from office, non-renewal of his duties, request for resignation) from his corporate office as Senior Executive Vice-President related to a change of strategy or a change in control, the Company has undertaken to pay Mr. Dufour an indemnity equal to twenty-four months' gross fixed and variable remuneration, the payment of which is subject to compliance with performance conditions.

Furthermore, pursuant to his duties as an employee, Mr. Dufour would benefit, where applicable, with respect to the termination of his employment contract, from a statutory indemnity or indemnity under the collective bargaining agreement as well as a non-competition indemnity, which would not be subject to performance conditions.

The sum of any indemnity paid in respect of termination of the employment contract and the indemnity due in case of forced departure may not exceed twenty-four months' remuneration.

This commitment did not have any effect during the fiscal year.

Amendment to the employment contract

Following his appointment as Senior Executive Vice-President, the Board of Directors authorized the signature of an amendment to Mr. Dufour's employment contract in order to adjust the duties and terms and conditions of remuneration applicable to Mr. Dufour as an employee. It is stipulated in this amendment that should Mr. Dufour cease to be a corporate officer, he shall be reinstated in full in his position as an employee. In consideration thereof, the fixed and variable portions of his remuneration shall be reinstated in the same proportions as those existing before he assumed the duties of corporate officer.

Paris La Defense and Paris-La Défense, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit
Olivier Breillot

MAZARS
Frédéric Allilaire

Statutory Auditors' Report

on the reduction in capital by the repurchase of shares to be cancelled (Art. L.222-209 of French Commercial Code)

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of L'Air Liquide S.A. and in compliance with Article L. 225-209, paragraph 7 of the French Commercial Code (Code de Commerce) in respect of the cancellation of a company's own shares previously repurchased, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this operation. These standards require that we perform the necessary procedures to examine whether the terms and conditions for the proposed reduction in capital are fair.

This operation involves the repurchase by your Company of its own shares, representing an amount not in excess of 10% of its total capital, in accordance with Article L. 225-209 of the French Commercial Code (Code de Commerce). Moreover, this purchase authorisation is proposed to your Shareholders' Meeting for approval and would be given for a period of eighteen months (4^{th} resolution).

Your Board of Directors requests that it be empowered for a period of 24 months to proceed with the cancellation of own shares the Company was authorised to repurchase, representing an amount not exceeding 10% of its total capital for a period of twenty-four months.

We have nothing to report on the terms and conditions of the proposed reduction in capital, which can be performed only after your Shareholders' Meeting has already approved the repurchase by your Company of its own shares.

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit
Olivier Breillot

MAZARS
Frédéric Allilaire

Statutory Auditors' Special Report
on share subscription options or share purchase options reserved for employees and/or executive corporate officers

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-177 and R. 225-144 of French Commercial Code (Code de Commerce), we hereby report the share subscription options or share purchase options reserved for employees and/or corporate officers of the Company or its French and abroad affiliate companies, or some among them.

The report on the reasons for the share subscription options or share purchase options and on the proposed methods used for determining the subscription or purchase price is the responsibility of the Company's Board of Directors. Our responsibility is to express an opinion on the proposed methods for determining the subscription or purchase price.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this operation. These procedures consisted in verifying that the methods proposed for determining the subscription or purchase price are included in the Board of Directors' Report, are in accordance with legal requirements, are of information to the shareholders and do not appear manifestly inappropriate.

We have nothing to report on the methods proposed.

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Olivier Breillot	Frédéric Allilaire

Statutory Auditors' Special Report

on the free granting of existing shares or shares to be issued to employees and corporate officers

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-197.1 of French Commercial Code (Code de commerce) we hereby report on the proposed allotting of free existing shares or shares to be issued to some employees of the Company (with the exception of Company officers) and to some employees or corporate officers of affiliated companies as defined by Article L. 225-197.2 of French Commercial Code (Code de commerce).

Your Board of Directors proposes that it be authorized, to allot free existing shares or shares to be issued, and to sub-delegate the decision. It is the Board's responsibility to prepare a report on the operation that it wishes to implement. It is our responsibility, if necessary, to report our observations on the information provided to you in respect of the proposed operation.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this operation. These procedures consisted in verifying in particular the information provided in the Board of Directors' Report are in accordance with legal requirements.

We have nothing to report on the information contained in the Board of Directors' Report in connection with the proposed allotting of free shares.

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Olivier Breillot	Frédéric Allilaire

Statutory Auditors' Report
on the issue of free share purchase warrants in the event of a takeover bid for the Company

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-92 of the French Commercial Code (Code de Commerce), we hereby report on the proposed free issue of share purchase warrants in the event of a takeover bid for the Company, an operation upon which you are called to vote.

Your Board of Directors proposes, on the basis of its report, that it be authorized the ability to decide and to sub-delegate the decision, in accordance with Article L. 233-32 II of the French Commercial Code (Code de Commerce), in respect of the following:

- the issuing of share purchase warrants in accordance with Article L. 233-32 II of the French Commercial Code (Code de Commerce), with preferential subscription rights, for one or more shares in the Company, allocated free of charge to all shareholders enjoying such rights before the closing date of the takeover bid ;
- determining the conditions of the issue and nature of the share purchase warrants.

This authorization is given for a period which shall expire at the closing date of the bid and shall be exercised within eighteen months from the Shareholders' Meeting of May 5, 2010.

The total nominal amount of shares thus issued may not exceed 776,400,000 euros and the maximum number of warrants issued may not exceed the number of shares that make up the share capital at the time the share purchase warrants are issued.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (Code de Commerce). Our role is to report on the fairness of the financial information taken from the financial statements, and on the other information relating to the issue of share purchase warrants provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this operation. These procedures consisted in verifying the information provided in the Board of Directors' Report relating to this operation.

We have nothing to report regarding the information provided in the Board of Directors' Report relating to the proposed issue of share warrants in the event of a takeover bid for the Company.

In accordance with Article R. 225-116 of the French Commercial Code (Code de Commerce), we will issue an additional report, if necessary, for the purpose of a further Shareholders' Meeting to comply with Article L. 232-32 III of the French Commercial Code (Code de Commerce), when your Board of Directors exercises its authorization.

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Olivier Breillot	Frédéric Allilaire

Statutory Auditors' Report

on the issue of ordinary shares or marketable securities conferring entitlement to the share capital, with cancellation of preferential subscription rights, reserved for members of Company savings plans

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135, L. 225-138 and Article L. 228-92 of the French Commercial Code (Code de commerce), we hereby report on the proposal to grant your Board of Directors the ability to decide, in one or several times, on the issue of ordinary shares and marketable securities, conferring entitlement, now or in the future, to the Company's share capital, with cancellation of preferential subscription rights. These increases are reserved to the employees who contribute to a savings plan set up by the Company or affiliated companies as defined by Article L. 225-180 of the French Commercial Code (Code de commerce), an operation upon which you are called to vote.

The maximum par value of the capital increase amounts to 30,250,000 euros, corresponding to the issue of a maximum of 5.5 million shares, provided that:

- the total amount of share capital increases to be performed under the twentieth resolution and the twenty-first may not exceed the aforementioned par value amount of 30,250,000 euros;
- the maximum per value amount of share capital increases likely to be performed on the basis of the twentieth resolution and the twenty-first resolution shall be deducted from the overall limit stipulated in the second part of the fourteenth resolution to the Shareholders' Meeting of May 7, 2009 that is to say 350 millions of euros.

This issue of ordinary shares and marketable securities is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (Code de Commerce) and L. 3332-18 and following of French Labour Law (Code du travail).

Your Board of Directors proposes, on the basis of its report, that it be granted the ability to decide, and to sub-delegate it, for a period of twenty-six months, to decide on one or several increases in capital and to cancel your preferential subscription rights to the ordinary shares and marketable securities conferring entitlement to the Company's share capital. If necessary, it will determine the final conditions for these operations.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (Code de commerce). It is our responsibility to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue, provided in this report.

We have performed the procedures which we considered necessary in accordance with the professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this operation. These procedures require that we perform the necessary procedures to verify the contents of the Board of Director's Report relating to this operation and on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued.

Subject to a subsequent examination of the conditions for the increases in capital that may be decided, we have nothing to report on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued, provided in the Board of Directors' Report.

As the issue price of ordinary shares and marketable securities has not yet been determined, we do not express a conclusion on the final conditions under which the increases in capital would be carried out and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Company Law (Code de commerce), we will prepare an additional report, if necessary, when your Board of Directors exercises this ability.

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Olivier Breillot	Frédéric Allilaire

Statutory Auditors' Report

on the issue of ordinary shares or marketable securities conferring entitlement to the share capital, with cancellation of preferential subscription rights, reserved for a category of beneficiaries

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135, L. 225-138 and Article L. 228-92 of the French Commercial Code (Code de commerce), we hereby report on the proposal to grant your Board of Directors the ability to decide, in one or several times, on the issue of ordinary shares and marketable securities, conferring entitlement, now or in the future, to the Company's share capital, with cancellation of preferential subscription rights. These increases are reserved in the conditions stipulated in the twenty-first resolution to any financial institution or subsidiary of such an institution mandated by the Company with the sole intent to enable employees and corporate officers of affiliates companies within the meaning of Article within the meaning of Article L. 225-180 of French Commercial Code (Code de Commerce) and Article L. 3344-1 of the French Labor Code (Code du Travail), to benefit from a plan with an economic profile comparable to an employee share ownership scheme assuming the implementation of such scheme would conflict with local legal, regulatory or tax constraints. You are called to vote on these operations.

The maximum par value of the capital increase amounts to 30,250,000 euros, corresponding to the issue of a maximum of 5.5 million shares, provided that:

- the total amount of share capital increases to be performed under the twentieth and the twenty-first resolutions may not exceed the aforementioned par value amount of 30,250,000 euros;
- the maximum per value amount of share capital increases likely to be performed on the basis of the twentieth resolution and the twenty-first resolution shall be deducted from the overall limit stipulated in the second part of the fourteenth resolution to the Shareholders' Meeting of May 7, 2009 that is to say 350 millions euros.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code (Code de commerce) and L. 3332-18 and following of French Labour Law (Code du travail).

Your Board of Directors proposes, on the basis of its report, that it be granted the ability, and to sub-delegate it, for a period of eighteen months, to decide on one or several increases in capital and to cancel your preferential subscription rights to the ordinary shares and marketable securities conferring entitlement to the Company's share capital. If necessary, it will determine the final conditions for these operations.

It is the responsibility of your Board of Directors to prepare a report in accordance with Articles R. 225-113, R. 225-114 and R. 225-117 of the French Commercial Code (Code de commerce). It is our responsibility to report on the fairness of the financial information taken from the financial statements, on the proposed cancellation of preferential subscription rights and on other information relating to the share issue, provided in this report.

We have performed the procedures which we considered necessary in accordance with the professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this operation. These standards require that we perform the necessary procedures to verify the contents of the Board of Director's Report relating to this operation and on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued.

Subject to a subsequent examination of the conditions for the increases in capital that may be decided, we have nothing to report on the methods for determining the issue price of the ordinary shares and of the marketable securities conferring entitlement to the Company's share capital, to be issued, provided in the Board of Directors' Report.

As the issue price has not yet been determined, we do not express a conclusion on the final conditions under which the increases in capital would be carried out and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code (Code de commerce), we will prepare an additional report, if necessary, when your Board of Directors exercises its authority.

Courbevoie and Paris-La Défense, March 10, 2010

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Olivier Breillot	Frédéric Allilaire

Statutory auditors' supplementary report

on the increase in capital with cancellation of preferential subscription rights reserved for Company employees members of the Company's savings plan proceeded in 2009

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

To the Shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with article R. 225-116 of the French Commercial Code (Code de commerce) we hereby present a supplementary report to our report dated March 25, 2008 on the issue of shares with cancellation of preferential subscription rights reserved for Company employees members of the Company's savings plan, authorised by your shareholders on May 7, 2008.

The shareholders authorized your Board of Directors to decide on whether to proceed with such operation for a period of twenty six months and a maximum par value amount of 27.500.000 euros corresponding to the issue of a maximum of 5 million shares. On February 13, 2009, your Board of Directors sub-delegated to the Chairman and Chief Executive Officer the ability to proceed to this operation.

Exercising this sub-delegation, your Chairman and Chief Executive Officer decided on March 30, 2009 to proceed with an increase in capital with a maximal amount within the overall limit authorized by your shareholders on May 7, 2008. This increase in capital, proceeded on May 7, 2009, amounted to 5.495.759,50 euros by issuing 999.229 new shares with a par value of 5,50 euros.

It is the responsibility of the Board of Directors to prepare a report in accordance with articles R. 225-115 and R. 225-116 of the French Commercial Code (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating the share issue provided in the report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body (Compagnie Nationale des Commissaires aux Comptes) for this type of engagement. These procedures consisted in verifying:

- the fairness of the financial information taken from the annual financial statements for the year ended December 31, 2008 approved by the Board of Directors. We performed an audit of these accounts in accordance with professional standards applicable in France,
- the compliance with the terms of the operation as authorized by the shareholders and the fairness of the information provided in the Board of Director's supplementary report on the choice of constituent elements used to determine the issue price and on its amount.

We have no matters to report as to:

- the fairness of the financial information taken from the Company's accounts and included in the Board of Directors' supplementary report,
- the compliance with the terms of the operation as authorized by the shareholders on May 7, 2008 and the information provided to them,
- the proposed cancellation of the preferential subscription rights, upon which you have voted, the choice of constituent elements used to determine the issue price and its final amount,
- the presentation of the effect of the issuance on the financial position of the share holders as expressed in relation to the consolidated shareholders' equity and on the market value of the share.

Courbevoie and Paris-La Défense, May 20, 2009

The Statutory Auditors

ERNST & YOUNG Audit	MAZARS
Olivier Breillot	Frédéric Allilaire

Additional information

Share capital

DELEGATIONS OF AUTHORITY GRANTED AT THE SHAREHOLDERS' MEETING

Type of authorization	Purpose of the authorization	Validity of the delegation	Maximum amount	Utilization in 2009
Share buyback	Purchase own shares for the purpose of: ■ cancelling them; ■ retaining them for the purpose of a share exchange or payment as part of an external growth strategy, in accordance with applicable regulations; ■ tendering them following the exercise of rights attached to marketable securities conferring entitlement to Company shares by redemption, conversion, exchange, presentation of a warrant or any other means; ■ implementing share purchase option plans, bonus share allotment plans, or any employee share ownership transactions in favor of its employees or those of its subsidiaries; ■ maintaining an active market in the Company's shares pursuant to a market liquidity agreement in compliance with a Code of Ethics recognized by the French financial markets authority, the AMF (Autorité des marchés financiers).	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 18 months Maximum price: 165 euros	10% of share capital, or 26,092,234 shares, for a maximum par value amount of 4,305,218,610 euros	95,699 Company treasury shares were exchanged with certain SOMAL shareholders who agreed to sell to L'Air Liquide S.A. their 22% interest in this Company. 223 Company treasury shares were tendered in connection with the partial implementation of 2 bonus share allotment plans (143 shares for the 2008 plan and 80 shares for the 2009 plan). Considering these transactions, as of December 31, 2009, the Company directly owns 1,087,463 shares at an average price of 81.80 euros, i.e. a balance sheet value of 88,950,124 euros. Liquidity contract changes: 1,496,244 shares purchased at an average price of 68.48 euros and 1,522,475 shares sold at an average price of 68.84 euros. As of December 31, 2009, under the liquidity contract, the balance sheet value of the 159,044 shares held stands at 12,780,833 euros (see Information on the completion of the Company's share buyback program page 234).
Cancellation of shares purchased by the Company	Reduce the number of outstanding shares and improve basic earnings per share.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 24 months	10% of share capital	This authorization was not used. (see Information on the completion of the Company's share buyback program page 234). In 2009, no shares were cancelled by the Board of Directors.
Share capital increase	Increase the share capital by the issuance of shares or marketable securities conferring entitlement, immediately or in the future, to the Company's capital, with retention of the shareholders' preferential share subscription rights.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 26 months	For a maximum par value amount of 350 million euros	This authorization was not used.
Share capital increase	To be able to increase the amount of shares or marketable securities issued with retention of the shareholders' preferential share subscription rights in the event of oversubscription.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 26 months	To be deducted from the aforementioned overall limit of 350 million euros	This authorization was not used.
Share capital increase	Increase the share capital by capitalization of reserves, earnings or additional paid-in capital in view of the allotment of bonus shares and/or an increase in the par value of existing shares.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 26 months	For a maximum par value amount of 250 million euros	This authorization was not used.

Type of authorization	Purpose of the authorization	Validity of the delegation	Maximum amount	Current utilization
Share capital increase	Increase the share capital by the issuance of shares intended to be subscribed to by employees of the Company and affiliated companies, members of a company or group savings plan, by cancelling the shareholders' preferential share subscription rights to the issued shares.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 26 months	A par value amount of 27.5 million euros and a maximum of 5 million shares	The Board of Directors' Meeting of February 13, 2009 decided to propose a share capital increase reserved for employees of Group companies which are members of a company or group savings plan in France or abroad. A total of 999,229 new shares were subscribed, each with a par value of 5.50 euros.
Share capital increase	Increase the share capital by the issuance of shares intended to be subscribed to by employees and corporate officers of Group companies abroad, by cancelling the shareholders' preferential share subscription rights to the issued shares.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 18 months	A par value amount of 27.5 million euros and a maximum of 5 million shares	The Board of Directors' Meeting of February 13, 2009 decided to propose a share capital increase reserved for employees of Group companies which are members of a company or group savings plan in France or abroad. A total of 999,229 new shares were subscribed, each with a par value of 5.50 euros.
Share capital increase	Increase the share capital by the issuance of shares intended to be subscribed to by employees of the Company and affiliated companies, members of a company or group savings plan, by cancelling the shareholders' preferential share subscription rights to the issued shares.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 26 months	A par value amount of 30.25 million euros and a maximum of 5.5 million shares	This authorization was not used.
Share capital increase	Increase the share capital by the issuance of shares intended to be subscribed to by employees and corporate officers of Group companies abroad, by cancelling the shareholders' preferential share subscription rights to the issued shares.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 18 months	A par value amount of 30.25 million euros and a maximum of 5.5 million shares	This authorization was not used.
Convertible bond issuance	Issue one or more bonds convertible into shares.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 5 years	8 billion euros	As of December 31, 2009, the outstanding amount of L'Air Liquide S.A. bond issues totaled 2 billion euros and 4 billion euros for the Group.
Issuance of share subscription warrants	Issue bonus share subscription warrants in the event of public offer for the Company.	Granted during the Shareholders' Meeting on May 7, 2009 for a period of 18 months	A par value amount of 717.6 million euros	This authorization was not used.
Allotment of share subscription options	Grant to employees, executive officers and/or members of Executive Management options conferring entitlement to subscribe to shares of the Company to be issued to increase the share capital or options conferring entitlement to purchase the Air Liquide shares bought back by the Company.	Granted during the Shareholders' Meeting on May 9, 2007 for a period of 38 months	2% of the Company's capital on the date the options are granted	484,292 Air Liquide share subscription options were allotted by the Board of Directors on June 15, 2009.
Conditional Grant of Shares to Employees (CGSE)	Subject to certain requirements, allot bonus shares to employees and corporate officers of the Group (but excluding corporate officers of the Company) either from existing shares or via new issues.	Granted during the Shareholders' Meeting on May 9, 2007 for a period of 38 months	0.5% of share capital on the date of decision to allot bonus shares	123,186 bonus shares subject to performance requirements were allotted by the Board of Directors on June 15, 2009.

TRENDS IN SHARE CAPITAL OVER THE PAST THREE YEARS

Issue date	Type of transaction	Number of shares issued	Aggregate number of shares	Capital increase	Issue premiums and reserves	Share capital
In euros, except for shares						
February 26, 2007	Exercise of share subscription options	910,179	121,294,238	10,011,969	89,591,413	1,334,236,618
February 26, 2007	Cancellation of bought back shares	(789,000)	120,505,238	(8,679,000)	(120,323,416)	1,325,557,618
May 9, 2007	Exercise of share subscription options	239,289	120,744,527	2,632,179	23,370,599	1,328,189,797
June 12, 2007	Exercise of share subscription options	56,896	120,801,423	625,856	5,442,822	1,328,815,653
June 13, 2007	Stock split	120,801,423	241,602,846			1,328,815,653
November 8, 2007	Exercise of share subscription options	641,249	242,244,095	3,526,869.50	30,956,066.28	1,332,342,522.50
November 8, 2007	Cancellation of shares	(3,512,650)	238,731,445	(19,319,575)	(59,769,487.60)	1,313,022,947.50
February 14, 2008	Exercise of share subscription options	197,065	238,928,510	1,083,857.50	10,396,057.21	1,314,106,805
February 14, 2008	Cancellation of shares	(2,916,350)	236,012,160	(16,039,925)	(256,293,966.41)	1,298,066,880
May 7, 2008	Exercise of share subscription options	216,893	236,229,053	1,192,911.50	11,396,871.34	1,299,259,791.50
May 7, 2008	Bonus share allocation(1 for 10)	23,622,905	259,851,958	129,925,977.50	(129,925,977.50)	1,429,185,769
June 9, 2008	Exercise of share subscription options	57,450	259,909,408	315,975	2,941,537.21	1,429,501,744
June 9, 2008	Bonus share allocation (1 for 10)	5,745	259,915,153	31,597.50	(31,597.50)	1,429,533,341.50
June 9, 2008	Bonus share allocation (1 for 10) loyalty premium	589,236	260,504,389	3,240,798	(3,240,798)	1,432,774,139.50
December 16, 2008	Exercise of share subscription options	383,048	260,887,437	2,106,764	17,766,526.96	1,434,880,903.50
December 16, 2008	Bonus share allocation (1 for 10)	2,260	260,889,697	12,430	(12,430)	1,434,893,333.50
February 13, 2009	Exercise of share subscription options	57,828	260,947,525	318,054	2,694,354.76	1,435,211,387.50
May 7, 2009	Exercise of share subscription options	683,931	261,631,456	3,761,620.50	32,547,284.02	1,438,973,008.50
May 7, 2009	Share capital increase reserved for employees	999,229	262,630,685	5,495,759.50	43,457,905.33	1,444,468,767.50
November 17, 2009	Exercise of share subscription options	1,509,603	264,140,288	8,302,816.50	72,434,991.84	1,452,771,584

CHANGES IN SHARE CAPITAL OWNERSHIP OVER THE LAST THREE YEARS

	2007	2008	2009
Individual shareholders	37%	38%	38%
French institutional investors [(a)]	30%	26%	26%
Foreign institutional investors	32%	35%	36%
Own shares held by the Company (directly and indirectly)	1%	1%	>0%

(a) Including Legendre Holding 11, controlled by Eurazeo which notified on August 21, 2007 that it held 5.5% of the share capital and voting rights. On July 7, 2008 Legendre notified that it sold down below the 5% threshold of the capital and voting rights. On December 31, 2008, Legendre had sold all its Air Liquide shares.

Threshold notifications in 2009

As of May 12, 2009, the Crédit Suisse Group reported that it had exceeded the 2% threshold set under the Company's Articles of Association and held 2.04% of share capital and voting rights.

As of November 2, 2009, Natixis Asset Management reported that it had exceeded the 2% threshold set under the Company's Articles of Association and held 2.16% of share capital and voting rights.

On December 31, 2009 no shareholder had notified holding 5% or more of the capital and voting rights.

SHARE CAPITAL AND VOTING RIGHTS FOR THE LAST THREE YEARS

	Number of shares comprising share capital	Theoretical number of voting rights (including treasury shares)	Actual number of voting rights (excluding treasury shares)
2007	238,844,710	238,844,710	236,503,060
2008	260,922,348	260,922,348	259,480,632
2009	**264,254,354**	**264,254,354**	**262,934,791**

There are no double voting rights.

To the best of the Company's knowledge, there are no shareholders' agreements or joint or concerted action agreements.

Directly registered shares owned by the main shareholders were not pledged.

AMOUNT OF SHARE CAPITAL HELD BY EMPLOYEES

Since 1986, L'Air Liquide S.A. has given the employees of certain Group companies the possibility to subscribe to capital increases reserved for them. A total of 3,035,263 shares (excluding the share split and the allotment of bonus shares to shareholders) have been subscribed in this manner. At the end of 2009, the share of capital held by employees and former employees of the Group is estimated at 2%, of which 1.4% that is 3,759,364 shares (in the meaning of article L.225-102 of the French Commercial Code) correspond to shares subscribed by employees during employee reserved capital increase operations or held through mutual funds.

General information

GENERAL INFORMATION

Law applicable to L'Air Liquide S.A.

French law.

Incorporation and expiration dates

The Company was incorporated on November 8, 1902, for a set term expiring on February 17, 2028.

Business and Company register

552 096 281 RCS Paris

APE code: 2011Z

Consulting legal documents

The articles of association, Minutes of Shareholders' Meetings and other Company documents may be consulted at Company headquarters.

Fiscal year

The Company's fiscal year starts on January 1, and ends on December 31, of the same year.

Address and phone number of the head office

75, quai d'Orsay, 75007 Paris – + 33 (0)1 40 62 55 55

ARTICLES OF ASSOCIATION

Section I

Name – Purpose – Head Office – Term

ARTICLE 1: FORM AND NAME

The Company is a joint stock company, with a Board of Directors. This company will be governed by the laws and regulations in force and these articles of association.

The Company's name is "L'Air Liquide, *Société anonyme pour l'Étude et l'Exploitation des procédés Georges Claude.*"

ARTICLE 2: PURPOSE

The Company's corporate purpose includes:

- the study, exploitation, sale of the patents or inventions of Messrs. Georges and Eugène Claude pertaining to the liquefaction of gases, the industrial production of refrigeration, liquid air and oxygen, and the applications or utilizations thereof;
- the industrial production of refrigeration, of liquid air, the applications or uses thereof, the production and liquefaction of gases, and in particular oxygen, nitrogen, helium and hydrogen, the applications and uses thereof in all forms, pure, in blends and combinations, without any distinction as to state or origin, in all areas of application of their physical, thermodynamic, chemical, thermochemical and biological properties, and, in particular, in the domains of propulsion, the sea, health, agri-business and pollution;
- the purchase, manufacturing, sale, use of all products pertaining directly or indirectly to the aforementioned corporate purpose, as well as all sub-products resulting from their manufacturing or their use, of all machines or devices used for the utilization or application thereof and, more specifically, the purchase, manufacturing, sale, use of all products, metals or alloys, derived or resulting from a use of oxygen, nitrogen and hydrogen, pure, blended or combined, in particular of all oxygenated or nitrogenous products;
- the study, acquisition, direct or indirect exploitation or sale of all patents, inventions or methods pertaining to the same corporate purposes;
- the exploitation, directly or through the incorporation of companies, of all elements connected, directly or indirectly, with the Company's purpose or likely to contribute to the development of its industry;

- the supply of all services, or the supply of all products likely to develop its clientele in the industry or health sectors.

The Company may request or acquire all franchises, perform all constructions, acquire or lease all quarries, mines and all real property, and take over all operations connected with its corporate purpose, sell or lease these franchises, merge or create partnerships with other companies by acquiring company shares or rights, through advances or in any appropriate manner. It may undertake these operations either alone or jointly.

Lastly, and more generally, it may carry out all industrial, commercial, real estate, personal or financial operations pertaining directly or indirectly to the corporate purposes specified above.

ARTICLE 3: HEAD OFFICE

The Company's head office is located at 75, quai d'Orsay, Paris.

It may be transferred upon a Board of Directors' decision to any other location in Paris or a neighboring department, subject to the ratification of such decision by the next Ordinary General Shareholders' Meeting, and anywhere else by virtue of a decision by an Extraordinary Shareholders' Meeting.

ARTICLE 4: TERM

The Company's term has been fixed at 99 years beginning on February 18, 1929, except in the event of early dissolution or extension.

Section II

Share capital – Shares – Identification of shareholders

ARTICLE 5: SHARE CAPITAL

The share capital has been set at 1,453,555,647.50 euros divided into 264,282,845 fully paid-up shares of a par value of 5.50 euros each.

Share capital is increased under the conditions stipulated by law either by issuing ordinary or preferred shares, or by raising the par value of existing shares. It may also be increased by exercising the rights attached to marketable securities granting access to share capital, under the conditions stipulated by law.

In accordance with prevailing legal provisions, unless otherwise decided by the Shareholders' Meeting, the shareholders have, in proportion to the amount of shares they own, a preferential subscription right to the shares issued in cash in order to increase share capital.

The share capital may also be reduced under the conditions stipulated by law, in particular, by reducing the par value of the shares, or by reimbursing or redeeming shares on the stock exchange and by canceling shares, or by exchanging existing shares for new shares, in an equivalent or lesser number, with or without the same par value, and with or without a cash balance to be paid or received. The Shareholders' Meeting may always compel the shareholders to sell or purchase existing shares to permit the exchange of existing shares for new shares, with or without a cash balance to be paid or received, even if such reduction is not a result of losses.

ARTICLE 6: SHARES

If the new shares are not fully paid up upon issuance, calls for payment shall be performed, on dates set by the Board of Directors, by means of announcements posted one month in advance in one of the Paris official legal publications chosen for the legal publication of the Company's deeds.

Shares not fully paid up shall be held as registered shares until they are fully paid up.

Each payment on any subscribed shares will be registered in an account opened in the name of the subscriber.

All late payments shall automatically bear interest, for the benefit of the Company, as of the due date, without any formal notice or legal action, at the legal interest rate, subject to any personal action that the Company may take against any defaulting shareholder and the compulsory execution measures provided by law.

ARTICLE 7: TYPE OF SHARES

Paid-up shares are registered as registered shares or bearer shares depending on the choice of the shareholder.

The provisions of the aforementioned paragraph also apply to other securities of any nature issued by the Company.

ARTICLE 8: RIGHTS AND OBLIGATIONS GOVERNING SHARES

Shareholders shall not be liable above the amount of their subscription.

Share ownership automatically binds shareholders to the articles of association and the decisions of the Shareholders' Meetings.

Any share grants entitlement, during the Company's term, as in the event of liquidation, to the payment of an identical net amount for any distribution or redemption.

Shares are freely transferable under the conditions provided by law.

ARTICLE 9: IDENTIFICATION OF SHAREHOLDERS

The Company may avail itself at any time of the legal and statutory provisions in force permitting the identification of the owners of shares conferring immediately or in the future the right to vote in Shareholders' Meetings, as well as the number of shares they own.

In addition to the legal obligations to notify the Company, any person, acting alone or jointly, coming in direct or indirect possession of a fraction of the Company's capital or voting rights equal to or greater than 2%, or a multiple of 2% of capital or voting rights (including above the 5% threshold), is required to inform the Company within fifteen days as of the date on which the threshold is exceeded and, as the case may be, independently of the effective transfer date of share ownership. The person shall state the number of shares and marketable securities granting entitlement to capital that he or she owns on the date of notification. Any decrease below the 2% threshold or a multiple of 2% of capital or voting rights shall be notified in the same manner.

In the event of a failure to meet this additional notification obligation, one or several shareholders, owning a fraction of the Company's capital or voting rights amounting to at least 2%, may, at a Shareholders' Meeting, request that the shares exceeding the fraction which should have been reported, be stripped of their voting rights for any Shareholders' Meeting held until the end of a two-year period following the date on which the notice is rectified. The request is recorded in the minutes of the Shareholders' Meeting.

ARTICLE 10: CO-OWNERSHIP AND USUFRUCT

As all shares are indivisible from the point of view of the Company, all joint owners of shares are required to be represented *vis-à-vis* the Company by a single owner selected from among them or proxy under the conditions provided by law.

The voting right attached to the share is exercised by the beneficial owner at both Ordinary and Extraordinary Shareholders' Meetings. However, the bare-owner shall be entitled to attend all Shareholders' Meetings. He or she may also represent the beneficial owner at Shareholders' Meetings.

The heirs, creditors, trustees or successors of a shareholder may not, on any grounds whatsoever, call for the affixing of seals on the Company's assets and securities, request the distribution thereof, or interfere in any manner whatsoever in its administration.

In order to exercise their rights, they must consult the Company's records and decisions of the Shareholders' Meetings.

Section III

Management of the Company

ARTICLE 11: COMPOSITION OF THE BOARD OF DIRECTORS

The Company is managed by a Board of Directors, comprising a minimum of three members and a maximum of fourteen members (unless temporarily waived in the event of a merger), physical persons or legal entities.

The members of the Board of Directors are appointed by the Ordinary Shareholders' Meeting for a term of four years expiring at the close of the Shareholders' Meeting held to approve the financial statements for the previous year and which is held in the year during which the mandate expires. As an exception to this rule, the members of the first Board of Directors who exercised functions as members of the Supervisory Board in the Company under its former mode of administration shall be appointed for a period equal to the remaining term of their mandate as members of the Supervisory Board.

The members of the Board of Directors may be re-elected.

Each director must own at least 500 registered shares in the Company during the term of his functions. If, on the date of his appointment, a director does not own the required number of shares or if, during his term, he ceases to own them, he is deemed to have resigned with immediate effect if he has not rectified the situation within a period of three months.

In the event of a vacancy of one or more seats due to death or resignation, the Board of Directors may, between two Shareholders' Meetings, make temporary appointments. Provisional appointments made by the Board of Directors are subject to the approval of the next Ordinary Shareholders' Meeting. If the number of directors falls below the legal minimum, the remaining directors must immediately convene an Ordinary Shareholders' Meeting in order to make up the numbers of the Board.

No individual over the age of 70 shall be appointed as a member of the Board of Directors if his appointment increases the number of the members of the Board of Directors who have passed this age to over one third. If during their term, the number of the members of the Board of Directors who have passed 70 years of age exceeds one third of the Board's members, the oldest member of the Board of Directors who has not carried out management functions in the Company is deemed to have resigned at the end of the Annual Shareholders' Meeting held following the occurrence of this event.

During the Company's term, directors are appointed and their mandates renewed under the conditions provided by law.

They may be dismissed by the Ordinary Shareholders' Meeting at any time.

ARTICLE 12: ORGANIZATION AND MANAGEMENT OF THE BOARD OF DIRECTORS

The Board of Directors elects from among its members who are individuals, a Chairman. It determines his remuneration and sets his term of office which may not exceed his term of office as director. The Chairman may be re-elected.

The Chairman of the Board of Directors performs the duties entrusted to him by law. He chairs the Board of Directors, organizes and manages its work and reports on such work to the Shareholders' Meeting. He ensures that the Company's bodies operate properly and, in particular, that the directors are able to fulfill their assignments.

The Board may also appoint from among its members one or more Vice-Chairmen, whose term of office shall be determined within the limit of their term as director and whose role it is, subject to the legal provisions applicable in the event of the temporary impediment or death of the Chairman, to convene and chair Board Meetings or chair Shareholders' Meetings in accordance with these articles of association when the Chairman is impeded.

No director who does not also assume the role of Chief Executive Officer may be appointed as Chairman of the Board of Directors after the age of 68. If, during the term of office, this age limit is reached, the Chairman's mandate shall terminate at the close of the Shareholders' Meeting held to approve the financial statements for the year during which he has reached the age of 68. If the Chairman of the Board of Directors also assumes the role of Chief Executive Officer, the applicable age limit is that applicable to the Chief Executive Officer.

The Chairman and each Vice-Chairman may be dismissed by the Board of Directors at any time. They may also be re-elected.

The Board may appoint a secretary who need not be a shareholder or one of its members.

ARTICLE 13: GENERAL MANAGEMENT

Management organization

In accordance with the law, the Company's General Management is assumed either by the Chairman of the Board of Directors or by any other physical person, director or not, appointed by the Board of Directors and who assumes the role of Chief Executive Officer.

The choice between either of the two General Management organizations described above is made by the Board of Directors. The Board of Directors makes its decision relating to the choice of General Management organization under the quorum and majority conditions stipulated in Article 14 of these articles of association. The shareholders and third parties are informed of the Board of Directors' decision under the conditions stipulated by the regulations in force.

The choice made by the Board of Directors remains valid until it decides otherwise.

The Board of Directors will review, as necessary, the choice made each time the mandate of the Chairman of the Board of Directors or the Chief Executive Officer comes up for renewal.

Chief Executive Officer

If the Company's Chief Executive Officer is assumed by the Chairman of the Board of Directors, the following provisions relating to the Chief Executive Officer are applicable.

The Board of Directors sets the term of office and determines the remuneration of the Chief Executive Officer.

No individual over the age of 63 may be appointed as Chief Executive Officer. If, during the term of office, this age limit is reached, the Chief Executive Officer's mandate shall terminate at the close of the Shareholders' Meeting held to approve the financial statements for the year during which he has reached the age of 63.

The Chief Executive Officer may be dismissed at any time by the Board of Directors. The discharge of a Chief Executive Officer who does not assume the role of Chairman may give rise to damages if decided without reasonable cause.

The Chief Executive Officer may always be re-elected.

Powers of the Chief Executive Officer

The Chief Executive Officer is vested with the broadest powers to act in all circumstances on behalf of the Company within the limit of the Company's corporate purpose, the articles of association, and subject to the powers expressly granted by law to Shareholders' Meetings and the Board of Directors.

The Board of Directors is responsible for defining the decisions of the Chief Executive Officer that require its prior approval. The Board of Directors' prior approval should be sought particularly for external acquisitions or sales of interests or assets, and for investment commitments, in each case under the conditions and exceeding the amounts corresponding to an efficient operation of the Company as set by the Board of Directors. It should also be sought for financing operations of any amount likely to substantially alter the Company's financial structure and for any decision likely to substantially alter the Company's strategic orientations determined by the Board of Directors.

Senior Executive Vice-Presidents

On the Chief Executive Officer's proposal, whether he be Chairman of the Board of Directors or any other person, the Board of Directors may appoint one or more physical persons as Senior Executive Vice-Presidents to assist the Chief Executive Officer.

The maximum number of Senior Executive Vice-Presidents is set at 3.

In accordance with the Chief Executive Officer, the Board of Directors determines the scope and term of the powers granted to the Senior Executive Vice-Presidents and sets their remuneration.

The Senior Executive Vice-Presidents have the same powers as the Chief Executive Officer *vis-à-vis* third parties.

In the event of impediment of the Chief Executive Officer or the cessation of his functions, the Senior Executive Vice-Presidents shall maintain, unless decided otherwise by the Board of Directors, their functions and powers until a new Chief Executive Officer is appointed.

The Senior Executive Vice-Presidents may be dismissed at any time by the Board of Directors, at the Chief Executive Officer's proposal. They are subject to the age limit provided by law.

Senior Executive Vice-Presidents may be re-elected.

ARTICLE 14: BOARD OF DIRECTORS' MEETINGS AND DELIBERATIONS

The Board of Directors meets as often as the interest of the Company so requires, by notice from its Chairman or in the case of impediment, from the oldest Vice-Chairman, if one or more Vice-Chairmen have been appointed, at the head office or in any other location indicated in the Notice of Meeting.

The agenda is set by the Chairman and may only be finalized at the time of the Meeting.

Directors representing at least one third of members of the Board of Directors may, while specifying the meeting's agenda, ask the Chairman to summon the Board if it has not met for more than two months.

Likewise, the Chief Executive Officer, if he does not chair the Board of Directors, may ask the Chairman to summon the Board of Directors on any specified agenda.

The Chairman is bound to the requests made to him.

In the event that the Chairman is impeded or fails in performing the aforementioned tasks, the oldest Vice-Chairman, if one or more Vice-Chairmen have been appointed, shall have the authority to call the Board and set the meeting's agenda at the request of at least one third of members of the Board of Directors or the Chief Executive Officer, as the case may be. In the absence of a Vice-Chairman, the minimum of one third of members of the Board of Directors or the Chief Executive Officer, depending on the case, shall have the authority to call the Board and set the meeting's agenda.

Notices may be made by all means, including verbally.

The presence of one half of the members of the Board of Directors is required for the validity of the Board's decisions.

Decisions are made by a simple majority of the votes of the members present or represented. In the event of a tie, the Chairman shall have the casting vote.

The Board of Directors will set its internal rules that it may amend by simple resolution.

The Board of Directors may stipulate in its internal rules that the members of the Board of Directors who take part in the Board's Meeting by videoconference or telecommunications in accordance with the conditions provided by the regulations in force shall be considered as present for calculating the quorum and voting majority of the members, for all decisions in which the law does not exclude such possibility.

ARTICLE 15: POWERS OF THE BOARD OF DIRECTORS

The Board of Directors determines the orientations of the Company's activities and ensures their implementation.

Subject to the powers expressly attributed to Shareholders' Meetings by law and these articles of association and in accordance with the corporate purpose, the Board deals with any issues concerning the smooth running of the Company and manages corporate business pursuant to its decisions.

The Board of Directors may conduct controls and verifications as it deems appropriate.

The Board is authorized to issue bonds pursuant to a delegation granted by the Ordinary Shareholders' Meeting.

It may also decide to create committees of its members responsible for analyzing issues which it itself or its Chairman submits thereto for review. The Board determines the composition and powers of the committees which conduct their activities under its responsibility.

Issues related to the performance, remuneration and, where appropriate, the renewal of the term of office of the Chairman and Chief Executive Officer, or the Chief Executive Officer, shall be decided by the Board of Directors as and when required, and at least once a year, after analysis by the committee(s) of the Board of Directors that deal with appointment and remuneration issues.

ARTICLE 16: REMUNERATION

The Ordinary Shareholders' Meeting may allocate to the members of the Board of Directors, as remuneration for their activity, a fixed annual amount in directors' fees. The Board of Directors is free to distribute the overall sum thus allocated among its members. It may also allocate a greater amount to the directors who are members of committees set up within the Board than that allocated to the other directors.

The Board may allocate exceptional sums to remunerate assignments or mandates entrusted to the members of the Board.

Section IV

Statutory Auditors

ARTICLE 17: AUDIT OF THE COMPANY

At the Ordinary Shareholders' Meeting, the shareholders appoint, under the conditions and with the assignments set by law, the principal and deputy Statutory Auditors.

Section V

Shareholders' Meetings

ARTICLE 18: SHAREHOLDERS' MEETINGS

The Shareholders' Meeting is comprised of all the shareholders, regardless of the number of shares they own, provided that all shares are fully paid up and that they are not stripped of voting rights.

The following persons may take part in the Shareholders' Meetings:

- the owners of shares registered in the share account at least three days prior to the scheduled date of the meeting;
- the owners of bearer shares for which proof of registration of their shares under the conditions stipulated by prevailing regulations is provided at least three days prior to the meeting.

The owners of registered shares or bearer shares must furthermore have filed a proxy form, an absentee ballot form, or a single document presented in lieu thereof, or if the Board of Directors has so decided, a request for an admission card, three days prior to the meeting.

However the Board of Directors shall always have the right, if it deems suitable, to shorten these periods. It shall also be entitled to authorize the sending of the proxy and absentee ballot forms by electronic mail to the Company in accordance with the legal and regulatory conditions in force.

The Shareholders' Meeting, duly constituted, represents all of the shareholders.

Ordinary and Extraordinary Shareholders' Meetings, and where necessary, Special Shareholders' Meetings are convened, meet and deliberate under the conditions provided by law and these articles of association.

Meetings take place at the head office or at any other place designated by the author of the notice, even outside of the head office or the head office's department.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman or the oldest Vice-Chairman of the Board, if one or more Vice-Chairmen have been appointed, or otherwise by a director specifically appointed for this purpose by the Board. In the event of impediment of the Vice-Chairman or Vice-Chairmen when Vice-Chairmen have been appointed or if the Board has not appointed a director, the shareholders shall themselves appoint the Chairman.

The two members of the Shareholders' Meeting with the highest number of votes and having accepted the position act as ballot inspectors for the Shareholders' Meeting. The officers of the meeting appoint a secretary who need not be a shareholder.

In the event that the meeting is convened by a Statutory Auditor or by a judicial representative, the Shareholders' Meeting is chaired by the author of the notice.

Upon the decision of the Board of Directors published in the Notice of Meeting or notice of convocation to rely on means of telecommunication, the shareholders who take part in the Shareholders' Meeting by videoconference or using telecommunications means permitting their identification in accordance with the conditions provided by prevailing law, shall be considered as present for calculating the *quorum* and voting majority.

ARTICLE 19: POWERS OF SHAREHOLDERS' MEETINGS

Ordinary and Extraordinary Shareholders' Meetings, and where necessary, Special Shareholders' Meetings allow shareholders to exercise the powers defined by law and these articles of association.

During the Ordinary Shareholders' Meeting, shareholders decide or authorize the issue of bonds secured, where necessary, by specific collateral in accordance with prevailing laws and regulations and authorizes the Chairman to grant such collateral. This may delegate to the Board of Directors the competence and powers necessary to issue such bonds, in one or more installments, within a period set by it, and to determine the terms and conditions of the issuance of such bonds. The guarantees set up subsequent to the issue of the bonds are granted by the Chairman of the Board of Directors upon the Board's authorization.

Section VI

Inventory – Reserves – Distribution of profits

ARTICLE 20: FISCAL YEAR

The fiscal year begins on January 1 and ends on December 31.

ARTICLE 21: INVENTORY, DISTRIBUTION OF PROFITS

The Company's net proceeds, established in the annual inventory, after deducting overheads and other costs, including all amortization, depreciation and provisions, constitute the net profits.

From these profits, less, as the case may be, previous losses, a deduction of at least 5% is first of all made to create the reserve required by law. This deduction ceases to be mandatory when the reserve amounts to 10% of the share capital. It is resumed if this reserve is ever used.

The distributable profits are made up of the annual net profits, less previous losses, as well as the sums to be placed on reserve pursuant to law, plus the profit carried forward.

From these profits, a deduction is made of the amount necessary to pay the shareholders, as a first dividend, 5% of the sums paid-up on their shares, and not amortized, and 5% of the sums from premiums on shares issued in cash, and appearing in a "share premium" account, without it being possible, if the profits of a given year do not permit this payment, for the shareholders to claim such amounts from the profits of subsequent years.

The Shareholders' Meeting may decide to earmark any portion of the available surplus of said profits it wishes for the creation of general or special providence or reserve funds, under any name whatsoever or even simply as an amount carried forward.

The balance constitutes a surplus fund which is intended for the distribution of the second dividend as well as the amount provisionally assessed as necessary to pay a 10% increase to the registered shares satisfying the following conditions.

Starting on January 1, 1996, the shares registered at December 31 of each year in registered form for at least two years, and which remain registered until the date of the payment of the dividend, will entitle their owners to collect a dividend per share which is 10% higher, rounded down if necessary to the lower centime, than the dividend per share distributed in respect of other shares, provided that the amount of the dividend per share prior to any increase is at least equal to the amount of the dividend per share prior to any increase distributed in the preceding year, adjusted to take into account the change in the number of shares from one year to the next resulting in a capital increase by capitalizing premiums, reserves or profits or a share split.

In the event that, starting on January 1, 1996, the Board of Directors, with the approval of the shareholders decide to increase the capital by capitalizing reserves, profits or premiums, the registered shares held for at least two years on the date on which the allotment process begins will entitle their owners to an allotment of shares which is 10% higher than the allotment made in favor of other shares, and according to the same procedure.

The new shares created in this manner will be comparable in all respects to the existing shares from which they are issued, for calculating the entitlement to the higher dividends and the higher allotments.

The increases defined in each of the two preceding paragraphs may be modified or eliminated by simple decision during the Extraordinary Shareholders' Meeting, according to the procedures it determines.

Pursuant to law, the number of shares eligible for these increases shall not for any given shareholder exceed 0.5% of the Company's share capital.

The Shareholders' Meeting held to approve the financial statements for the year shall have the possibility of granting to each shareholder, for all or part of the dividend or interim dividends, an option for payment of the dividend or interim dividends in either cash or shares.

Section VII

Liquidation

ARTICLE 22: **LIQUIDATION**

At the expiration of the Company's term, or in the event of early dissolution, the shareholders determine the method of liquidation, in accordance with the conditions stipulated by law. It appoints and determines the powers of one or more liquidators.

The liquidators may, pursuant to a decision of the shareholders transfer to another company or sell to a company or to any other entity or person, all or part of the assets, rights and obligations of the dissolved company.

The duly constituted Shareholders' Meeting retains the same prerogatives during the liquidation as during the Company's term. In particular, it has the power to approve the accounts of the liquidation and to grant a discharge thereof.

After the Company's commitments have been settled, the net proceeds from the liquidation are used first to fully redeem the shares, and the surplus is then distributed equally among them.

Section VIII

Disputes

ARTICLE 23: **DISPUTES**

All disputes which may arise during the Company's term or liquidation, either between the shareholders and the Company or among the shareholders themselves, regarding Company affairs, are settled in accordance with law and submitted to the jurisdiction of the competent Paris courts.

For this purpose, in the event of disputes, all shareholders shall elect domicile in Paris, and all summonses and notices are duly served at this domicile.

Failing election of domicile, summonses and notices are validly served at the Office of Public Prosecution of the French Republic at the High Court of Paris.

DIVIDENDS

Year	Paid	Ordinary dividend [(a)] Bonus dividend [(b)]	Number of shares	Distribution *(in euros)*
2007 [(e)]	May 19, 2008	2.25 [(a)]	235,958,155	530,905,849
		0.22 [(b)]	59,076,137	12,996,750
				543,902,599
2008 [(e)]	May 18, 2009	2.25 [(a)]	261,657,353	588,729,044
		0.22 [(b)]	64,643,734	14,221,621
				602,950,665
2009 [(c) (d)]	May 17, 2010	2.25 [(a)]	264,254,354	594,572,297
		0.22 [(b)]	66,269,428	14,579,274
				609,151,571

(a) Ordinary dividend paid on all shares.
(b) Bonus dividend paid only on registered shares held continuously for two fiscal years.
(c) Subject to the approval at the General Shareholders' Meeting on May 5, 2010.
(d) For 2009, amounts distributed are theoretical values calculated based on the number of shares as of December 31, 2009.
(e) For 2007 and 2008, amounts actually paid.

MANAGEMENT OF THE COMPANY

Corporate officers do not have any family ties with another corporate officer and have not been convicted of fraud at least during the last five years.

No incrimination and/or official public sanction has been pronounced against them by statutory or regulatory authorities (including professional organizations) and they have not been prevented by a court from acting in their capacity as a member of an administration, management or supervisory body or interfering in the management or carrying out of business of an issuer during at least the last five years. They have no potential conflicts of interest with Air Liquide, except in the case of Klaus Schmieder, as regards the duties he may have had in his former position as corporate officer of the Messer Group. No arrangements or agreements have been made with the significant shareholders, customers, suppliers or others, pursuant to -which the persons mentioned above have been chosen as corporate officers.

There exist no restrictions accepted by these persons as to the transfer, within a certain lapse of time, of their interest in the capital of L'Air Liquide S.A. except for the rules on preventing insider trading and the obligation set forth in the Articles of Association requiring the members of the Board of Directors to own at least 500 registered shares of the Company during the term of their office and the obligation to hold shares imposed on executive corporate officers. Corporate officers have not been associated with any bankruptcy, any receivership or liquidation during the last five years.

Compliance with corporate governance rules

The Company complies with all material aspects of the recommendations set forth in the AFEP/MEDEF Code of corporate governance (see Report from the Chairman of the Board of Directors page 76).

PROPERTY, PLANT AND EQUIPMENT

The Group's facilities and establishments are located in 75 countries around the world, with extremely diversified production capacities and characteristics.

No material tangible fixed asset exists at Group level.

DOCUMENT ACCESSIBLE TO THE PUBLIC

All documents, or copies of the documents listed below may, when they are accessible to the public, be consulted during the period of the Reference Document's validity at Shareholder Services located at the head offices of Air Liquide (75, quai d'Orsay 75007 Paris) and, if available, on the Company's Internet website (www.airliquide.com):

- the Company's incorporating document and articles of association;
- all reports, letters and other documents, historical financial information, evaluations and official assertions and declarations prepared by an expert at the Company's request, some of which are included or referred to in this Reference Document;
- historical financial information of the Company.

INCORPORATION BY REFERENCE

Pursuant to Article 28 of EC Regulation no. 809/2004, the following information is included in this Reference Document:

- the consolidated and parent company financial statements for the year ended December 31, 2007, accompanied by the Statutory Auditor's Reports which appear on pages 184 and 206, respectively, of the 2007 Reference Document filed on March 31, 2008 with the French Financial Markets Authority (AMF) under number D.08-0171;
- the financial information shown on pages 34 to 55 of the 2007 Reference Document filed on March 31, 2008 with the French Financial Markets Authority (AMF) under number D.08-0171;
- the consolidated and parent company financial statements for the year ended December 31, 2008, accompanied by the Statutory Auditor's Reports which appear on pages 189 and 210, respectively, of the 2008 Reference Document filed on March 31, 2009 with the French Financial Markets Authority (AMF) under number D.09-0172;
- the financial information shown on pages 4 to 37 of the 2008 Reference Document filed on March 31, 2009 with the French Financial Markets Authority (AMF) under number D.09-0172.

The sections not included in these documents serve no useful purpose to investors or are already covered in this Reference Document.

Trade payables

Pursuant to article D. 441-4 of the French Commercial Code, you will find below a breakdown by maturity date of the trade payables balance of L'Air Liquide S.A. as of December 31, 2009.

In millions of euros	2009	Maturity				
	Balance	**Past due**	**of which ≤ 30 days**	**of which > 30 days and ≤ 45 days**	**of which > 45 days and ≤ 60 days**	**of which > 60 days**
Trade payables and related accounts	285.5	10.4	92.5	155.8	21.7	5.1
Amounts payable in respect of fixed assets and related accounts	4.2	0.6	2.2	0.7	0.6	0.1
TOTAL	**289.7**	**11.0**	**94.7**	**156.5**	**22.3**	**5.2**

Factors that may have an impact in the event of a takeover bid

Pursuant to Article L. 225-100-3 of the French Commercial Code, the factors that may have an impact in the event a takeover bid are set forth below.

SHAREHOLDINGS IN THE COMPANY OF WHICH THE LATTER IS AWARE PURSUANT TO ARTICLES L. 233-7 AND L. 233-12 OF THE FRENCH COMMERCIAL CODE

On May 12, 2009, the Crédit Suisse Group reported that it had exceeded the 2% threshold set under the Company's Articles of Association and that it held a 2.04% interest in the Company.

On November 2, 2009, Natixis Asset Management reported that it had exceeded this 2% threshold on October 29, 2009 and held a 2.16% interest in the Company as of this date.

BOARD OF DIRECTORS' POWERS

Pursuant to the provisions of the 13th resolution passed by the Extraordinary Shareholders Meeting of May 7, 2009, the Board of Directors benefits from an 18-month delegation of authority in order to issue free share subscription warrants if a takeover bid is launched on the Company. The par value amount of the share capital increase that would result from the exercise of these warrants may not exceed 717.6 million euros (subject to adjustments).

It is furthermore specified that the share buyback authorization currently granted to the Company excludes any buybacks during a period of bidding on the Company's shares.

Attention is drawn to the draft resolution submitted by the Board for the vote of the Combined Shareholders Meeting held on May 5, 2010, aiming to renew the above-mentioned delegation of authority to the Board of Directors empowering the Board to issue free share subscription warrants if a takeover bid is launched on the Company (see the Board of Directors' Report on draft resolutions, page 232 of this Reference Document).

AGREEMENTS THAT MAY BE MODIFIED OR TERMINATED IN THE EVENT OF A CHANGE OF CONTROL OF THE COMPANY

Several bond issues of the Group's EMTN program include a clause providing that, under certain circumstances, the early repayment of such bonds may be requested in the event of a change of control of the Company:

- issue of July 2007 (500 million euros);
- issue of October 2007 (400 million euros);
- private placement of January 2008 (15 billion yen);
- issue of November 2008 (600 million euros);
- issue of December 2008 (200 million euros);
- issue of June 2009 (400 million euros).

AGREEMENTS PROVIDING INDEMNITIES FOR BOARD MEMBERS OR EMPLOYEES IF THEY RESIGN OR ARE DISMISSED WITHOUT GOOD AND SUFFICIENT CAUSE OR IF THEIR EMPLOYMENT ENDS DUE TO A TAKEOVER BID

The indemnities granted to the Company's corporate officers in the event of a termination of their office are detailed on page 104 of this Reference Document.

Person responsible for the Reference Document

PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

Benoît Potier, Chairman and CEO of L'Air Liquide S.A.

CERTIFICATION BY THE PERSON RESPONSIBLE FOR THE REFERENCE DOCUMENT

I hereby attest, after having taken all reasonable measures for such purpose, that the information contained in this Reference Document reflects, to the best of my knowledge, the current situation and does not omit any information that could alter its scope.

I certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets and liabilities, and of the financial position and results of the Company and of its consolidated subsidiaries, and that the management report of the Annual Financial Report defined on pages 4 to 39, 42 to 73, 76 to 130, 268 to 270 and 280 provide a true and fair view of the evolution of the business, results and financial condition of the Company and of its consolidated subsidiaries, and a description of the main risks and uncertainties the Company and its consolidated subsidiaries are subject to.

I have obtained a work completion letter from the Statutory Auditors indicating that they have, in accordance with French professional standards, verified the information on the financial position and the financial statements and have reviewed all of the information presented in the Reference Document.

The Statutory Auditors' Report on Consolidated financial statements for fiscal year 2009, available on page 207 in the Reference Document, contains an observation.

Paris, March 23, 2010

Benoît Potier

Chairman and CEO

Cross-reference table

The cross-reference table identify the main information required by Regulation n° 809/2004 of the European Commission dated April 29, 2004 (the "Regulation"). The table indicates the pages of this Reference Document where is presented the information related to each item. The table indicates, when required by the Regulation, the pages of the Reference Document related to the year ended December 2008, filed on March 31, 2009 under the number D. 09-0172 (the "DDR 2008"), and the pages of the Reference Document related to the year ended December 2007, filed on March 31, 2008 under the number D. 08-0171 (the "DDR 2007"), which are incorporated by reference in this Document.

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Cross-reference table for the Financial Annual Report

In order to facilitate the reading of this document, the cross-reference table, hereafter, allows to identify in this Reference Document, the information which constitutes the Annual Financial Report having to be published by the listed companies in accordance with article L. 451-1-2 of the French Monetary and Financial Code and article 222-3 of the French Market Authorities' General Regulations.

Financial glossary

A

Adjusted price
Share price adjusted to take account of changes in capital (issue of new shares, share split, etc.). The adjusted share price is used to produce meaningful comparisons of price changes over time.

AMF (Autorité des marchés financiers, the French securities regulator)
It governs and oversees the conduct and professional ethics of the markets and protects the interests of investors and shareholders.

B

Basic earnings per share (EPS)
Consolidated Net Profit divided by the number of shares in circulation.

Bond
Tradable debt security issued by a public or private company, a group, an association or a government. Bonds carry fixed interest for a specific period and are redeemable on maturity.

Bonus dividend
Pursuant to Air Liquide's Articles of Association, dividend increased by 10%, granted to loyal shareholders for all direct shares held continuously for more than two calendar years.

Bonus share issue
Transaction by which the Company issues new shares by capitalizing undistributed earnings at no cost to shareholders, and allocates new shares in proportion to the number of shares already held. Air Liquide allocates regularly such bonus shares.

C

CAC 40 (Cotation assistée en continu – Continuous Automated Trading)
The flagship stock market index of Euronext Paris, the CAC 40 tracks the evolution of a selection of 40 stocks registered on this stock market. A committee of Euronext Paris specialists regularly revises its composition to ensure that it remains representative. Only 16 companies, including Air Liquide, have been included in the CAC 40 since its inception in 1988.

Capital employed
Balance sheet capital corresponding to financial resources used by a company to develop its business. It is the sum of equity, minority interests and net debt.

Capital gain
Gain realized on the sale of a security, that is, the difference between its sale price and its original purchase price, or book value.

Cash flow
Cash generated by a company. It is either reinvested or distributed to shareholders (dividends). Cash flow corresponds roughly to after-tax earnings plus depreciation and amortization.

Conditional Grant of shares to Employees (CGSE)
Means of remuneration that grants free shares of the Company to all the employees or a specific employee category. The employee only becomes the owner of the shares after a given acquisition period and according to the plan's conditions. If the acquisition' period is shorter than 4 years, the law provides that the employee must keep his/her shares for a minimum additional 2 year period.

Custody account fees
Fees charged by a financial intermediary for maintaining share records. They generally represent a percentage of the portfolio or a set fee per line of shares held. Air Liquide's Shareholder Services provides this service free of charge for shares held in a direct registered account.

D

Deferred settlement service (SRD)
Fee-based service available for the most traded stocks through which settlement for orders or delivery of shares is deferred to the last trading day of the month. Air Liquide shares are eligible for this service.

Dividend
The part of a company's net profit distributed to shareholders. Shareholders vote the dividend at the Annual General Meeting after approval of the financial statements and the allocation of earnings proposed by the Board of Directors.

E

Euronext Paris
Name of the firm which organizes, manages and develops the securities market in Paris, and acts as market regulator (financial transactions, monitoring of companies listed on the stock market) with the delegated authority of the AMF.

Euro stoxx 50
Stock Exchange index composed of 50 of the highest capitalizations and most actively traded stocks listed in the eurozone.

F

Fractional right
Part of a share that cannot be distributed in the case of a bonus share allocation or subscription if the number of shares held is not a multiple of the transaction. Example: in a 1 for 15 bonus share allocation, a shareholder holding 68 shares is allocated 4 new shares and 8 fractional rights (i.e., the equivalent of half a share).

Free float

The part of a company's capital in public ownership and tradable on the stock markets. The higher the free float, the greater the liquidity of the shares. 100% of Air Liquide's capital is floated.

G

Goodwill

Difference between the purchase price of a company and its net tangible assets on the day of the acquisition.

I

IFRS (International Financial Reporting Standard)

International accounting standards put into effect on January 1, 2005 to facilitate comparing companies' financial statements.

Investment club (in France)

Group of 5 to 20 individuals that jointly manages a securities portfolio by making regular payments and sharing the income and capital gains.

ISIN code (International Securities Identification Number)

Code used to identify financial products quoted on the spot market on the stock exchanges (Air Liquide ISIN code: FR0000120073).

L

Liquidity

Ratio of the volume of shares traded over the total number of shares in circulation, which make up the capital.

M

Market capitalization

A company's market value equal, at any given time, to the quoted share price multiplied by the number of shares in circulation.

Market sheet

The market sheet presents all the buy and sell orders for a share, as well as the latest orders executed. Investors can only have access to the five best offers (sales) and the five best demands (purchases).

N

Net Profit (Group share)

Profit or loss made by the Company. It is calculated by adding operating income recurring, other non recurring operating expenses, net finance costs, other net financial expenses, share of profit of associates, profit (loss) from discontinued operations, then subtracting Company tax and minority interests.

O

OPCVM (Organisme de placement collectif en valeurs mobilières – pooled investment funds)

A savings product that makes it possible to hold part of a collective marketable security portfolio handled by a professional, like SICAVs (open-ended investment companies) or FCPs (mutual funds).

Operating income recurring

Annual sales minus the cost of producing, distributing and selling products and the depreciation or amortization on capital expenditures. It indicates a company's ability to generate the margins necessary for its operation and growth.

P

Par value

The issue price of a share as defined in a company's articles of association. A company's total capital is the face value of the share multiplied by the number of shares in circulation.

PER (Price Earnings Ratio)

The ratio of the market price of a share over earnings per share.

Preferential subscription right

Tradable right giving shareholders priority in subscribing to a number of new shares in proportion to the number of shares already held in the event of a share issue. This is a negotiable right in the Stock Exchange. In exceptional cases, the Company may ask its shareholders to suspend their subscription right at an Extraordinary Shareholders' Meeting.

Q

Quorum

Minimum percentage of shares with voting rights required to be present or represented for a General Shareholders' Meeting to be validly constituted.

R

ROCE (Return On Capital Employed)

The ratio of Net Profit before interest expenses and after taxes over average capital employed. It reflects the net return on funds invested by shareholders and those loaned by banks and financial institutions.

ROE (Return On Equity)

The ratio of Net Profit over shareholders' equity. It represents the net return on money invested by shareholders.

S

Share

Tradable security representing a portion of a company's capital. The owner of a share, the shareholder, is a part-owner of the Company and enjoys certain rights.

Share buyback

Transaction by which a company buys its own stock on the market, up to the limit of 10% of its capital. The transaction requires shareholder approval at the Company's General Shareholders' Meeting.

Shareholders' equity

The part of the Company's capital belonging to its shareholders. It includes the value of issued shares, retained earnings and Net Profit for the financial year.

Stock option

A subscription option that offers the right to subscribe, at a price set in advance, for a fixed period, a company's shares.

Share split

Split of a share's par value to improve its liquidity. A share split leads, in the same proportions, to a split in the share's market value and the multiplication of the number of shares comprising the capital.

U

Usufruct
The legal right to use and derive profit or benefit from property that belongs to another person, as long as the property is not damaged. The holder of an usufruct has the right to use and enjoy the property, as well as the right to receive profits from the fruits of the property.

V

Volatility
The degree of variation of a share over a given period. It is a risk indicator: the greater the volatility, the higher the risk.

Y

Yield
Ratio of dividend per share over market price.

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L'AIR LIQUIDE S.A.

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