AIR LIQUIDE

2008 REFERENCE DOCUMENT

INCLUDING THE SUSTAINABLE DEVELOPMENT REPORT

2008 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 **43,000 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.

Air Liquide combines many products and technologies to develop valuable applications and services not only for its customers but also for society. **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…

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.

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Reference Document was filed with the French Financial Markets Authority (AMF), on March 31, 2009, 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.

Management Report

Key figures

In millions of euros	2004	2005	2006	2007	2008	2008/2007 published % change	2008/2007 % change excl. currency impact
Revenue	9,428	10,435	10,949	11,801	13,103	+11.0%	+12.6%
Operating income recurring	1,375	1,518	1,659	1,794	1,949	+8.6%	+10.3%
Net profit (Group share)	780	933	1,002	1,123	1,220	+8.6%	+10.8%
Cash flow from operating activities (before change in working capital requirements)	1,692	1,805	1,889	2,054	2,207	+7.4%	
Industrial capital expenditure	901	975	1,128	1,359	1,908	+40.4%	
Industrial capital expenditure/sales ratio	9.6%	9.3%	10.3%	11.5%	14.6%		
Financial capital expenditure (acquisitions)	2,859	76	72	1,308	242		
Return on equity (ROE)	16.3%	17.2%	16.4%	17.8%	18.5%		
Return on capital employed after tax (ROCE)	11.9%	11.7%	11.9%	12.3%	12.1%		
Gearing	77%	60%	53%	72%	78%		

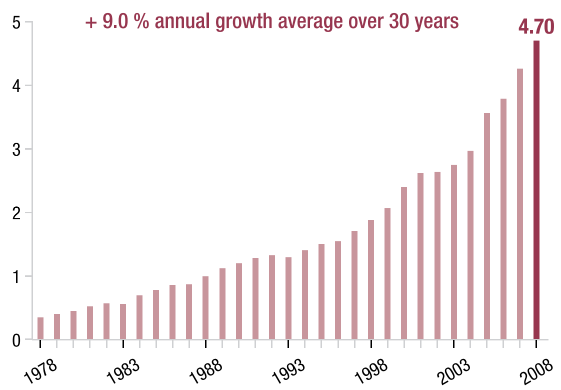
In euros		2004	2005	2006	2007	2008
Net profit per share*		2.97	3.56	3.79	4.26	4.70
Dividend per share*		1.44	1.58	1.81	2.04	2.25**
Adjusted share price*:	High	57.23	68.93	83.00	93.14	95.65
	Low	49.21	53.55	63.76	75.08	55.78
	at 31/12	56.20	67.15	81.77	92.54	65.45

* *Adjusted for the two-for-one share split on June 13, 2007 and free share issues (2004, 2006, 2008).*

** *To be proposed at the Annual General Meeting on May 7, 2009.*

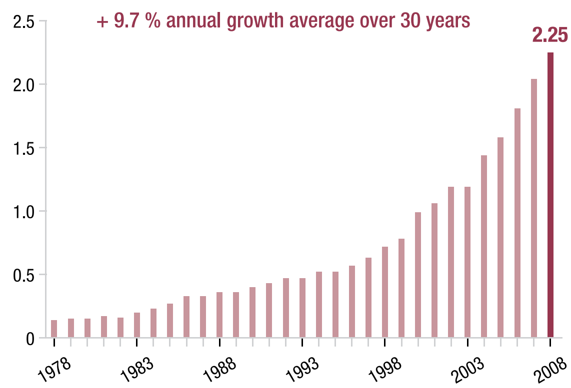
ADJUSTED NET EARNINGS PER SHARE EVOLUTION

(in euros)

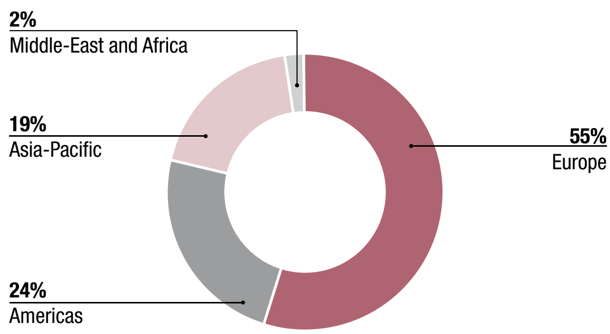


ADJUSTED DIVIDEND PER SHARE EVOLUTION

(in euros)

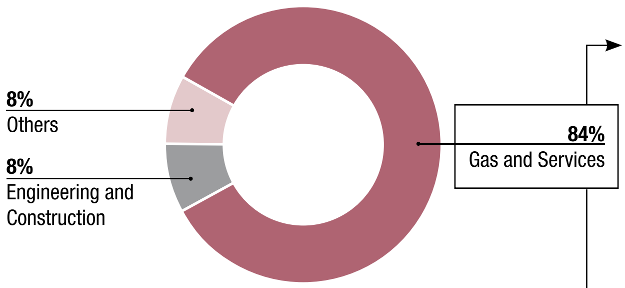


GAS AND SERVICES REVENUE BY GEOGRAPHICAL AREA



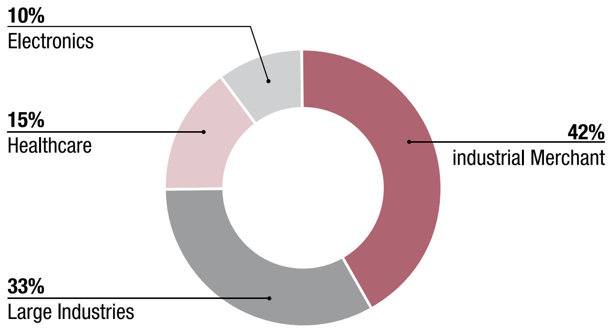
2008 Gas and Services revenue: 11.0 billion euros

REVENUE BY ACTIVITY



2008 Revenue: 13.1 billion euros

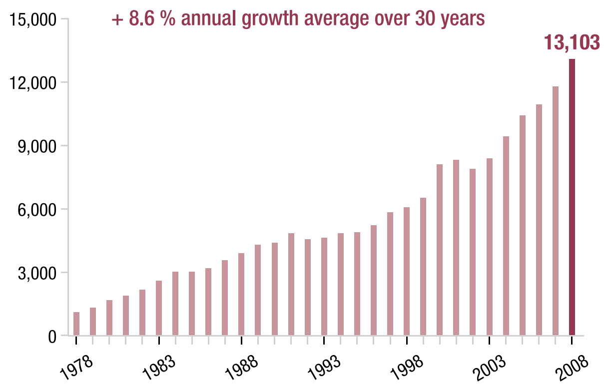
GAS AND SERVICES REVENUE BY WORLD BUSINESS LINE



2008 Gas and Services revenue: 11.0 billion euros

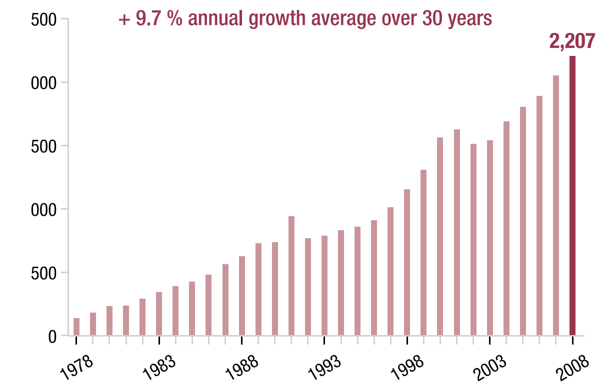
REVENUE EVOLUTION

(in millions of euros)



CASH FLOW FROM OPERATING ACTIVITIES

(in millions of euros)



History of the Group

1902

Origin

Foundation of the Company following the invention of a process for the liquefaction of air that enabled oxygen production in much greater quantities than previously possible and the collaboration of two men, Georges Claude and Paul Delorme.

1907

International development

From the earliest days, Air Liquide set its sights abroad.

- First in European countries (1906), then Japan (1907) and Canada (1911).
- First steps in the United States in 1916 and, in 1986, the takeover of Big Three.
- Continuing expansion. In 2008, Air Liquide was present in 75 countries.

1913

Shareholders

The original shareholders played a critical role supporting the Company's development in the first few years. With the listing on the Paris Stock Exchange on February 20, 1913, a strong relationship was forged between Air Liquide and its individual and institutional shareholders. In 1987, Air Liquide set up the Shareholders' Communication Committee.

1930

Development of welding

From the introduction of the oxyacetylene torch to modern integrated gas welding solutions, Air Liquide was 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.

In 1954, the first liquid oxygen plant was commissioned in the north of France.

1960

Pipeline network

By delivering several customers through pipelines, Air Liquide launched the network approach. Production plant capacity was multiplied, firstly, to meet the soaring demand for oxygen in the steel industry and then, nitrogen demand in the chemicals industry. The Large Industries business model is launched with customers committing to long-term, 15-year contracts.

1961

Space industry

- Creation of a Technical Center for low temperature applications in Sassenage (France).
- Design and development of liquid oxygen and hydrogen tanks for the cryotechnical stage of launchers.
- In the 70's, supply of propulsion fluids, liquid oxygen and hydrogen for the launch of Ariane I to V rockets.

1970

A tradition of inventions

- Creation of the Claude-Delorme research center in the greater Paris region.
- Enhancement of gas production techniques and their applications (combustion, welding, metalworking, chemicals, electronics, food, respiratory functions, environmental treatment).
- The aim is to specialize in customer processes to develop gas applications to satisfy customer demands (quality, productivity, environment).
- Development of partnerships with universities and industrialists.

1976

A technological breakthrough

With the Sasol project in South Africa (for the transformation of coal into synthetic fuel), air gas separation units 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

- Supply of ultra high purity gases to the semi-conductor industry in Japan: this involves carrier gases, mainly nitrogen, for chip protection, and specialty gases that are used directly in the manufacturing process of semi-conductors.
- 1987: inauguration of the Tsukuba (Japan) research center fully dedicated to Electronics.
- Service development: Air Liquide employees are allocated on a full-time basis to customers to manage fluids and quality control.

1988

Membrane technology

- 1989: creation of Medal, a joint venture, with the chemical manufacturer DuPont to develop membrane technology.
- Promotion of this technology, enabled the production of nitrogen at customer sites.
- As of today, membrane technology and cryogenics have each found their place in the market.

1992

New organization to serve customers

- Creation of “regions” across the world, thus taking “initiative in the field”, to promote proximity with Industrial Merchant customers.
- In 1995, creation of an organization by international markets with the creation of major 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 efficiency, Air Liquide extended its offering to hydrogen and steam, generated through cogeneration. 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, just a supplier of oxygen to hospitals, Air Liquide became a true health specialist.
- Development of a network of teams specializing in homecare.
- Medical gases are classified as drugs and manufacturers are required to file market authorizations.
- Development in the Hygiene sector in order to propose new additional services to hospitals.

2002

A century of adventures

Innovation was the keynote for Air Liquide’s anniversary year as the Group celebrated 100 years of pioneering work in industrial and medical gases and related activities.

2003

Strengthening of the position in Japan

Creation of Japan Air Gases, a joint venture merging the businesses of Air Liquide (55%) and BOC (45%) in Japan.

2004

Messer, a major leap forward

Acquisition and integration of the industrial gas activities of Messer Griesheim in Germany, the UK and the USA. Thus, the Group bolstered its position as global leader while strengthening its geographical coverage in major world economies.

2007

Strategic improvements

- Buyout of minority interests in joint ventures in Japan and South East Asia and set-up of shared platforms to bolster development in the area.
- Enhancement and expansion of technological competencies: acquisition of the German engineering firm Lurgi which offers an exceptional technological portfolio, thus doubling engineering capacities, and inauguration of a new Research and Development Center in the US.
- Set-up of four Worldwide Business Lines, Industrial Merchant, Large Industries, Electronics and Healthcare to leverage know-how and improve responsiveness in emerging economies.

2008

Launch of the ALMA program to step up growth

The Group aims to become the recognized industry leader by 2012, based on a strategy that will help accelerate growth and improve competitiveness. This strategy, based on 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%;
- reducing costs by 600 million euros in three years;
- while maintaining profitable return on capital employed (ROCE) after tax at between 11% and 12%.

Activities

The Group breaks its activities down as follows: Gas and Services, Engineering and Construction and Other Activities. Additional information is available in the "2008 Performance" section of this chapter.

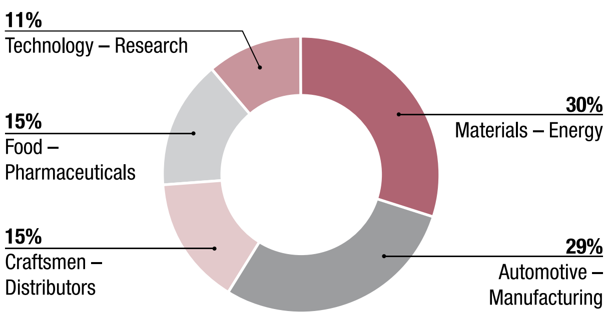
GAS AND SERVICES

Gas and Services activities represent 84% of total revenue. Operational management of the Gas and Services activities is organised by geographic region and coordinated at business line level to better adapt to the changes in the different customer markets. Gases for industry and health are distributed in gaseous form through a pipeline, in liquid form in cryogenic trailers, and for small quantities or for speciality gases in gaseous form in cylinders.

Industrial Merchant

The Industrial Merchant business line provides customers, in a wide range of industries, with reliable, quality and innovative industry-specific solutions to improve their products and processes. A network of specialist sector experts and researchers are constantly maintaining and developping the strong technological know-how that has been built up over decades to ensure the high standards of the Group.

2008 SALES SPLIT IN INDUSTRIAL MERCHANT



2008 Revenue: 4,609 million euros, 42% of Gas and Services revenue

In the Materials and Energy sectors, oxygen is used to reduce energy consumption and optimise manufacturing processes, to preserve the environment; nitrogen is used for inerting. For the Automotive and Fabrication sectors, Industrial Merchant provides solutions to improve process productivity and the working environment, through the supply of argon and argon mixtures for welding functions, oxygen and acetylene for cutting of metal and hydrogen and nitrogen for thermal treatment. For the Food and Pharmaceutical sectors, Air Liquide helps customers improve shelf-life, freezing processes and product traceability. The three major activities are the supply of CO_2 for beverages, mixtures for modified atmosphere packaging and nitrogen and CO_2 for freezing or inerting. In the Technology and Research sectors, industrial gases are used in optoelectronics processes, space and defense industries, electronic components assembly and research centers. Specific highly technical ranges of gases have been developed for these applications. Finally, for Craftsmen and distributors, Air Liquide provides a wide range of gases for use in the domains of plumbing, heating, ventilation and air conditioning, industrial maintenance and auto repair.

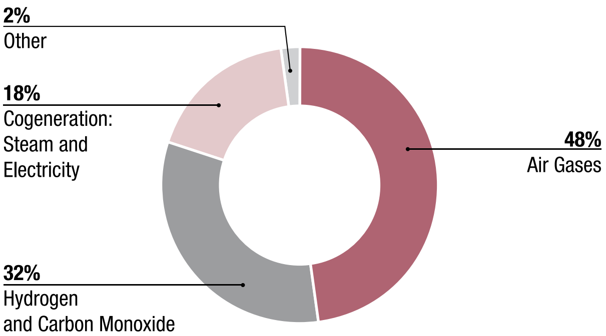
Such gases are supplied to the customer's site in liquid form using dedicated cryogenic trailers, by means of onsite equipment, and, in gaseous form, in high pressure cylinders. Customers requiring liquid gases rent the Group's tele-metered tanks, insuring reliable supply. In most countries, cylinders are rented to customers to insure safe operation and continuous supply. Typically production remains local with a maximum travelling distance of 250 km.

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.

The Large Industries 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 257 large Air Separation Units (ASUs) producing nitrogen, oxygen and argon, 38 Steam Methane Reformers (SMRs) producing H^2 and CO and 18 co-generation plants producing energy and steam around the world.

2008 SALES SPLIT IN LARGE INDUSTRIES



2008 Revenue: 3,675 million euros,
33% of Gas and Services revenue

In the metals sector, oxygen is used to improve energy performance and to reduce emissions, and to transform coal and natural gas into fuel or liquid products. The chemicals sector uses mainly oxygen, hydrogen and carbon monoxide in their manufacturing processes. The oil and gas, and particularly 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.

By their nature, these customers require large quantities of gases which are 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. They reach more than 8,500 km today, for example, stretching across Northern Europe, from Rotterdam through to Dunkirk, and across the Gulf Coast from Lake Charles to Corpus Christi. There are several local networks in other specific industrial basins such as Germany, China and Singapore.

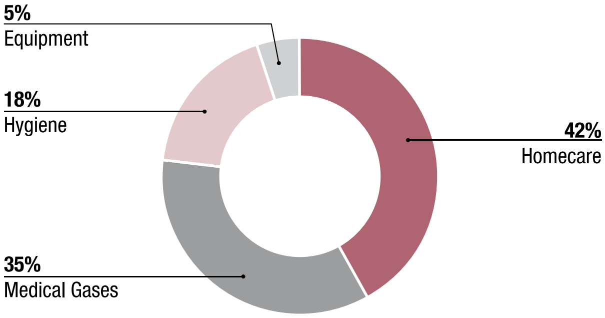
The supply of gases is provided typically through a 15-year contract, including indexation of input costs, mainly electricity and natural gas, and guaranteed payment levels through take-or-pay clauses.

Healthcare

The Healthcare business line provides gases, services and hygiene products to more than 6,000 hospitals and 300,000 homecare patients around the world. Air Liquide also manufactures respiratory medical equipment, mainly used in hospitals.

Air Liquide is one the world leaders in this sector.

2008 SALES SPLIT IN HEALTHCARE



2008 Revenue: 1,700 million euros,
15% of Gas and Services revenue

In hospitals, Air Liquide provides medical gases for operating rooms, intensive care, emergency care and more generally the medical wards. These gases, such as oxygen, nitrous oxide, Kinox™, Kalinox™ and LENOXe™ are used for anesthesia, resuscitation, pain relief and various respiratory ailments. They follow medical regulations and are, generally, distributed through dedicated supply systems.

Air Liquide also supplies a large range of medical hygiene products (for hands, skin, instruments, surfaces) to fight nosocomial infections. Thus Air Liquide contributes to patient safety, particularly in operating rooms and intensive care units.

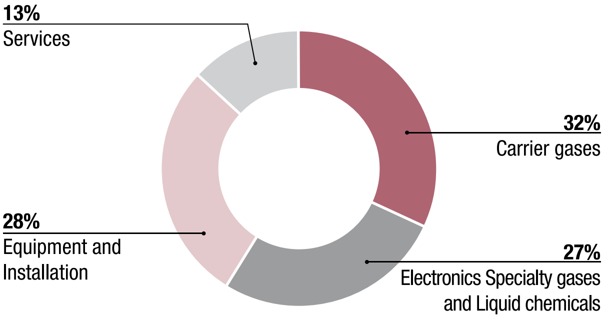
In homecare, Air Liquide has developed beyond the provision of oxygen services at the home, services to treat other chronic conditions, such as sleep apnea and diabetes. The quality of home treatment contributes to the patient's health and the quality of his daily life. Our service teams have strong links with each individual patient and their physicians.

Over the last 20 years, Air Liquide has become a leading health player in Europe (France, Germany, Italy, the United Kingdom, Spain…), Canada and Australia. It also has significant businesses in the United States, South America, Africa, Japan and has started recently in Eastern Europe and China.

Electronics

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

2008 SALES SPLIT IN ELECTRONICS



2008 Revenue: 1,044 millions euros,
10% of Gas and Services revenue

Through long-term contracts, Air Liquide provides ultra-pure nitrogen through small onsite facilities to inert customer fabs (plants that make semiconductors). Electronic Speciality gases (ESGs) are used during the production process to manufacture the electronic products. The Electronics business line also provides just-in-time, high security onsite fluid management services and equipment and installation of gas piping, and gas and chemical product distribution units to equip new customer facilities.

Air Liquide also has a production unit to produce the specialty gas silane, in a joint-venture with a Japanese chemical company. Its capacity was increased expanded to meet the growing needs of the photovoltaic industry, where Air Liquide is the leading supplier worldwide.

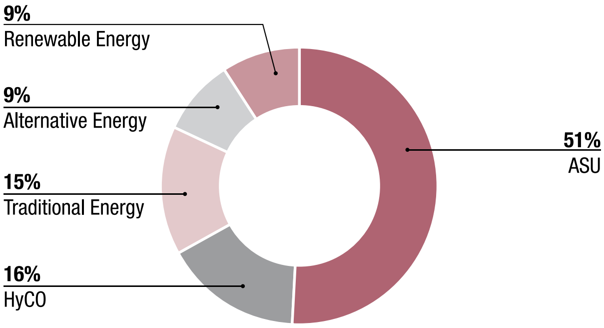
ENGINEERING AND CONSTRUCTION

Air Liquide is recognised for its capacity to constantly improve ASU productivity due to its proprietary technologies.

With Lurgi, the Group has now acquired its own proprietary technologies to produce hydrogen and carbon monoxide, through steam-methane reforming, coal and solid waste gasification and biofuels purification and synthesis. Given the very large quantity of gases required in all these activities, this extended internal know-how will help the Group to leverage its growth and foster its integration into the customers' processes.

Furthermore, Lurgi has contributed its long hydrocarbon experience, used in traditional processes from oil, alternative processes from coal and natural gas and new biomass processes. Engineering and construction services are also directly provided to third party customers who have not yet moved to outsourcing their industrial gases.

2008 BREAKDOWN OF ORDERS IN HAND BY TECHNOLOGY *



2008 total orders in hand: 5.2 billion euros,
including 3.1 billion euros from third-party orders

* See Engineering and Construction glossary on page 26.

OTHER ACTIVITIES

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 well known brands.

With its Technical Center for Welding Applications (CTAS), 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, through the brand name Seppic, provides products for the pharmaceuticals and cosmetics industry.

Diving, through the trademark Aqua Lung, conceives, manufactures and distributes diving equipment.

Research and Development

Research and Development (R&D) is a major component of innovation. It is divided among 8 research centers – in France, Germany, the United States and Japan – and satellite teams working directly at our customers' sites. 1,000 researchers of 30 nationalities make up a talent reservoir for the Group.

In a close and ongoing relationship with around one hundred 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 in the long-term on certain 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 industry, particularly the steel and energy production industries, has become essential to worldwide growth. These technologies allow the use of available fossil fuels while respecting the environment. Air Liquide continues to be involved in several experimental projects designed to reduce CO_2 emissions such as the ULCOS project which brings together European steel manufacturers, and has also signed new agreements.

Thus, in France, Air Liquide is a stakeholder in the first-ever industrial CO_2 capture and storage pilot project, alongside the Total group. The goal is to convert one of the five existing steam boilers in Lacq into oxygen combustion, capture and compress the CO_2 emissions and then inject them into a depleted natural gas deposit at a depth of 4,500 meters.

In 2008, the Group also entered into a technological partnership in Australia with the Australian joint-venture, Callide Oxyfuel Services, an electricity supplier. Air Liquide will provide an Air Separation Unit (ASU) with an oxygen production capacity of 660 tons per day and a CO_2 Cryogenic Purification Unit. This project involves the refurbishment of a power station with a nominal capacity of 100 MW thermal, so as to test the technologies of the CO_2 capture and storage process. Design and construction of the CO_2 Cryogenic Purification Unit are scheduled for 2009-2010 and commissioning will take place in early 2011. Under the terms of this technological partnership, Air Liquide will carry out a series of tests on the CO_2 Cryogenic Purification Unit pilot, under actual operating conditions. This unit is the ultimate validation step for this technology prior to its large scale commercialization and has no equivalent worldwide.

Developing new energies

As for the most environmentally friendly new energies, the Group is involved in several undertakings. The expertise developed in hydrogen energy for the last several years gives it a leading role in many projects in Europe and North America.

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 French research institutes.

Lastly, the acquisition of Lurgi in 2007 has opened up new prospects in biofuels, especially second generation biofuels whose production requires large amounts of oxygen and/or hydrogen.

Recognition for Air Liquide: Environment and Open Innovation

Air Liquide received the "Award for Open Innovation Management" in partnership with an innovative US start-up company, Nitrocision, for Nitrojet™, a process using liquid nitrogen (-196°C) at very high pressure (3000 bar) for clean-cutting and blasting concrete surfaces.

Nitrojet™ is an innovation developed in a win-win partnership where each party benefits from the technological and commercial competencies of the other. Air Liquide brings its low temperature and high pressure know-how as well as blasting technology to the development of Nitrojet™.

This innovation is presently being tested in one of the Air Liquide research centers, in Saint-Ouen-l'Aumône (France). These tests will help optimize operational applications in 2009. One of these applications provides an environmental and economic solution for the clean dismantlement of nuclear reactors: surface blasting (concrete, steel, etc.) thanks to the Nitrojet™ process which reduces the volume of radioactive effluents, thus decreasing the amount of effluent to be stored.

A COMMUNICATING WORLD

Electronics: the revolution continues

Electronics means entering the universe of the infinitely small: a 2 x 2 centimeters chip can contain up to a billion transistors and this number should be increased tenfold in 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 with great speed.

The ALOHA range has been a real success and has about ten patented molecules in the testing phase at equipment-maker or customer sites, particularly for the manufacture of tantalum, strontium and ruthenium based electrical contacts.

A HEALTHIER LIFE

In the world of health, Air Liquid launched a research program in 2005 dedicated to medical gases and their therapeutic hospital and home care applications in the areas of respiratory illness, anesthesia, and pain relief 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 the European clinical study with a view to extending market approval to cover more indications.

With respect to respiratory diseases, research work 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 lung disease, particularly COBP, has also been improved by better monitoring of home care patients, which is the goal of a new clinical study on oxygen therapy.

Another major research track is pain relief. In the KALINOX™ line, launched in 2002, certain therapeutic gases proved to be highly effective on experimental models, thus enabling 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 hospital therapies can also be used for home care, which represents a real improvement in the daily life of patients.

The Group has 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. The Group was a natural partner for CIMIT and, accordingly, will contribute 1.5 million US dollars to the Centre's new inhalation therapy research program.

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 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, industries served, countries in which the Group operates, and the significant share of the business that is underpinned by comprehensive customer contracts, as well as a strict authorization and project management process.

The Group's subsidiaries serve a very large number of customers (over one 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 2% of revenue and the Group's top 10 customers represent less than 12% and the top 50 customers represent 25%. The geographical risk is limited by the Group's long-term presence in 75 countries, spread across all continents. This diversity curbs customer and market risks. The Group's global activities are not dependent on third party patents, and supply contracts are diversified. Our manufacturing processes have been developed by the Research and Development teams for over 100 years.

Within its Large Industries and Engineering and Construction activities (reinforced by the acquisition of Lurgi in 2007), the Group is exposed to project risk linked principally to plant design, valuation and construction. This risk is permanently managed via various audits to control site, customer, and industrial project quality, as well as via very strict internal project review processes in which the Executive Committee management is deeply involved.

A significant part of the Industrial gases business is underpinned by comprehensive customer contracts. For Large Industries, the 15-year take-or-pay secured contracts provide strong cash flow visibility. At the operational level, beyond air, the main raw materials are electricity and natural gas. At a time when the price of these resources is volatile, the Group passes on cost variations to its customers via indexed invoicing integrated to medium and long-term contracts. 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 customers can benefit from the most advantageous energy costs.

INDUSTRIAL AND ENVIRONMENTAL RISKS

Industrial and environmental risks are detailed in the specific sections on Sustainable Development in the Annual Report.

These sections indicate 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, the distance covered by delivery trucks and progress made towards quality (ISO 9001) and environmental (ISO 14001) certifications.

These sections also include:

- the Group's safety policy, a key priority, and results for the past 15 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.

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 costs and times 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, especially for fixed-price contracts. Some projects are located in the world's fast-growing 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-a-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.

LEGAL RISKS

The Group has a worldwide presence. Its companies operating industrial and medical gases production units are obliged to 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.

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

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 investment committee meetings.

Foreign exchange risk

Since industrial and medical gases are not meant to be transported on 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 patent royalties, technical support and dividends, and foreign currency commercial cash flows from operating entities. These commercial cash flows in foreign currencies only represent approximately 4% of 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 28.2 to the Consolidated financial statements.

Note 28.2 to the Consolidated financial statements 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 horizon at least 50% of total debt at fixed-rates and to complete this ratio using optional 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 approximately 89% 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 28.2 to the Consolidated financial statements describes the sensitivity of the Group's financial expenses to interest rate fluctuations.

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.

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

Note 28.2 to the Consolidated financial statements describes the counterparty and liquidity risk for the year ended December 31, 2008.

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, 2008 totaled 26.9 million euros, mainly represented by cash in assets and technical provisions in liabilities.

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 taken out 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.

Strategy and Competition

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 AVERAGE GROWTH RATE (CAGR) OVER 30 YEARS

Revenue: +8.6% pa

Cash flow from operating activities before changes in working capital: +9.7% pa

Net profit per share: +9.0% pa

Dividend per share: +9.7% pa

Background

In 2008, the Group continued to grow in an environment that was favorable until the end of September. The last quarter of 2008 was marked by a brutal decline in activity, in certain industries, such as steel, chemicals, electronics and automotive. Even though short-term visibility has deteriorated, the Group's mid-term development is based on five growth drivers that are not undermined by the economic slowdown.

- **Growth in emerging economies** that are investing heavily in industrial infrastructures. This is driving oxygen demand whose production is increasingly outsourced. Industrial development in general has increased demand for gas in a variety of applications. This development is based on real needs. So, the economic slowdown can only delay this potential. A tight economic environment, significantly affecting the availability of financing for certain industrial groups might even generate new outsourcing opportunities for industrial gas producers.
- **Energy concerns** in terms of a solution to depleting traditional resources. Industrial gases can help customers improve their energy efficiency and are also used directly in the production of certain alternative energies. By way of example, the biomass or coal gasification process or 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.
- **Protection of the environment:**
  - Increasingly restrictive regulations on sulphur content in refined petroleum fuels, coupled with the use of heavier (and thus more sulphurated) raw materials by refiners has 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 its own hydrogen technology since it acquired the engineering firm Lurgi in 2007.
  - The use of oxygen in certain industrial processes reduces customer CO_2 emissions. In the steel and glass industries, Air Liquide's technologies contributes to less hydrocarbon consumption and hence CO_2 emissions.
  - Oxy-combustion is also 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. Using oxygen instead of air for the combustion of coal or other fuels results in more concentrated CO_2 emissions that are ready for capture, storage or direct use (e.g. for enhanced oil recovery).
  - Other alternative energy solutions such as gasification also represent an opportunity for cleaner production, the CO_2 being captured and stored.
- Growth is constant in the **health** market, primarily led by an aging population. In addition, health system budget restraints are encouraging the development of homecare solutions that reduces the cost to the community. Air Liquide is strategically positioned in this sector, particularly in Europe. Lastly, 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.
- There has been significant development in the **high technology** market, driven by numerous consumer product innovations. Semi-conductors, flat panels and solar panels are increasingly in demand, triggering a growing need for 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 (CERN), space or energy (nuclear fusion).

The Group is well placed to take advantage of these opportunities, given its presence in 75 countries and an enlarged technology portfolio following the integration of the engineering company Lurgi in 2007.

Ambition and Strategy

Boosted by its five growth drivers, the Large Industries investment opportunities portfolio has grown substantially since the end of 2006. From an initial 1.5 billion euros in potential investments identified in 2005, the portfolio had risen to 2.5 billion euros in 2006 and to 3.5 billion euros in 2007. During the fourth quarter 2008, the portfolio of opportunities was running at over 4 billion euros, although several projects had been pushed back in the last weeks of the year.

This trend in market opportunities has gradually led to an increase in investment decisions, following contract signings, then a rise in capital expenditure, and from the second half of 2008, a record number of start-ups.

Accordingly, there were significant strategic steps made in 2007, namely:

- the creation of World Business Lines (Large Industries, Industrial Merchant, Healthcare and Electronics) to define business line strategy, coordinate know-how, accelerate the deployment of innovation and improve responsiveness in emerging economies;
- the purchase of minority interests in Asian joint ventures enabling the set-up of shared platforms in support of the region's development;
- the acquisition of Lurgi, a German engineering firm, which has not only doubled the Group's engineering capacity in order to sustain growth, but also provided full ownership of hydrogen, gasification and biofuel technologies.

In early 2008, the Group confirmed **its ambition to be the recognized leader in its industry.** This leadership will be expressed by:

- the development of leading market share positions in key markets;
- the Group's ability to create and develop new markets with innovative applications using new technologies;
- superior financial performance and shareholder returns over the long term;
- respect for social, societal and environmental responsibilities.

To achieve this ambition, throughout 2007, Air Liquide prepared its **ALMA program**, launching it in February 2008. The program is aimed at accelerating growth and further improving competitiveness over the next few years.

ALMA reasserts the **major strategic initiatives** announced in 2007 and is structured around four main principles:

- **build leadership positions** in key markets and expand in new emerging economies;
- **drive innovation** to provide customers with competitive and enhanced solutions;
- **boost efficiency** by leveraging technical, procurement and logistics know-how across all regions;
- **develop talent** to supply the needs of the countries and business lines with competent and motivated teams.

The ALMA program integrates three delivery projects that will have a direct impact in terms of improving performance:

- the **Growth** project which concerns the acceleration development;
- the **Capital** project which aims to reduce capital intensity of investments;
- the **Goal** project follows on from the "Opal" project and which enables continuous efforts in cost containment.

ALMA also includes projects to transform collective and individual practices within the Group.

Growth objectives

The quantified mid-term objectives are as follows:

- increase average annual revenue growth to between +8% and +10%. This accelerated growth is based on an increase in investments to 10 billion euros over the 2007-2011 period;
- realize 600 million euros in cost reduction over 3 years;
- maintain the post-tax return on capital employed at between 11% and 12%.

The Group's accelerated growth ambitions have been developed market by market and have been translated into specific World Business Line and geographical area objectives.

LARGE INDUSTRIES: +8% TO +15% CAGR*

The accelerated growth target for the Large Industries business line is driven by two major levers:

- the rapid development of emerging economies in terms of steel, basic chemicals and refining capacities, to meet demand within their own economies and to compete in global markets on the basis of their competitive advantages;
- the increasing motivation to find alternative energy solutions to reduce environmental impacts and respond to diminishing oil reserves.

These market opportunities will require new technologies, competencies and engineering capabilities. Moreover, the scope and size of these projects will be significantly greater than was the case historically.

INDUSTRIAL MERCHANT: +4% TO +6% CAGR*

The increasing weight of emerging economies in Group revenues will accelerate this business line's growth potential. By combining Industrial Merchant and Large Industries investments where possible, the Group will be able to develop its geographical

* *Average annual growth.*

presence more rapidly and gain asset productivity. In mature economies, the Group will seek to boost efficiency by creating regional platforms and redeploying resources to faster growing segments, where innovation is a key differentiator. New liquid gas production capacities will be created to meet demand in both mature and emerging markets.

HEALTHCARE: +8% TO +12% CAGR*

The rapid growth in homecare and specialist hygiene markets is driven by three trends: the economic benefit of patient home care, the extension of Group activities to other chronic illnesses, whether respiratory or not, and the need to combat nosocomial diseases in hospitals and surgeries. Growth in the homecare market will be accelerated by small acquisitions in an industry that is still highly fragmented, with the emerging economies presenting a major opportunity for business development outside of Europe. For the hospital gas market, accelerated growth opportunities lie in therapeutic gases, where new solutions have been developed for pain treatment and anesthesia.

ELECTRONICS: +8% TO +12% CAGR*

Innovation is key to the development of this industry. With 80% of worldwide semiconductor production and 100% of flat panel capacity, Asia will provide the most potential growth. Having taken full control of its operations in Japan and Singapore, the Group is now free to develop a truly regional electronics business platform in Asia. It will be able to leverage technology and service capabilities across the zone and accompany key customers in their development.

COMPETITION

Of the four global industrial gas companies, two are European, Air Liquide and Linde Group, and two are American, 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 in China and Cryogenmash in Russia. Numerous medium-sized players are also present in local markets.

In **Large Industries**, the industrial gas market is divided into self-production and over-the-fence supply. Self-production remains significant: it concerns some 80% of hydrogen production and 60% of oxygen production worldwide, with significant disparities from one continent to another. The potential to convert self-production into over-the-fence supply represents a major growth opportunity for the Group's Large Industries business line, which is competing with three other global players in this market as well as some local players.

Industrial Merchant is a local business, as transport costs, relative to gas prices, 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 co-leaders: 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 four global payers, thus providing 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.

* *Average annual growth (excludind currency impact).*

2008 Performance

KEY FIGURES

In millions of euros	2007	2008	2008/2007 Published % change	2008/2007 % change excl. currency impact
Revenue	11,801	13,103	+11.0%	+12.6%
of which Gas and Services	9,999	11,028	+10.3%	+12.1%
Operating Income recurring	1,794	1,949	+8.6%	+10.3%
Net profit (Group share)	1,123	1,220	+8.6%	+10.8%
Net profit per share *(in euros)**	4.26	4.70	+10.3%	-
Dividend per share *(in euros)**	2.04	2.25	+10.3%	-
Net cash from operating activities	2,102	2,293	+9.1%	-
Return on capital employed – ROCE after tax **	12.3%	12.1%	-	-
Gearing	72%	78%	-	-

* *Adjusted for bonus share issues and the share split on 13 June 2007.*
** *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).*

2008 Group sales increased by +11%, to 13.1 billion euros, driven by solid growth, consolidation of the Lurgi engineering activities for a full year, and an increase in natural gas prices. Gas and Services sales reached 11.0 billion euros, up +10.3%, boosted by strong underlying demand, pricing power and a significant contribution from the 19 start-ups.

The Group Operating income recurring was 1.9 billion euros, up +8.6%. Net profit (Group share) reached 1.2 billion euros, up by +8.6%, or +10.8% excluding the impact of currencies.

Net cash from operating activities increased to 2.3 billion euros, up +9.1%, covering total capital expenditure of 2.1 billion euros.

Maintaining the level of investments, and the negative exchange rate impact at the end of the year have led to an increase in net debt to 5.5 billion euros representing a gearing of 78%. The Return on Capital Employed after taxes remained above 12%, at 12.1%, against 12.3% in 2007.

In light of the Group's solid performance in 2008 and the confidence in the long-term prospects of the Group, the Board of Directors has proposed the payment of a dividend of 2.25 euros per share, an increase of +10.3%, when adjusted for the one for 10 bonus share issued in June 2008.

2008 HIGHLIGHTS

In a market environment which was favorable for most of the year, Air Liquide demonstrated its capacity to accelerate growth in line with its ALMA program, while delivering a ROCE of 12.1%. While the outlook for our customer markets deteriorated in the final months of the year, the long term nature of the contracts, the diversity and the balance of the customer sectors and products coupled with the geographical reach have helped to contain the negative effects on the Group. Priority has been given to investing in the fields of energy, environment, emerging economies, health and high-tech, which have been identified as the key growth drivers for the Group.

1. The key **growth** highlights of the year were:

- **Energy and the Environment:**
  - a significant hydrogen production unit was started up in Antwerp and integrated into the Northern European pipeline network. As a result, hydrogen sales now account for nearly 1.2 billion euros of revenue, well ahead of our ambitious 1 billion euros target announced in early 2007. During the year, the construction of two other major hydrogen production units in Rotterdam and Houston were decided upon, following the signature of contracts with oil companies. Once these production units are up and running, they will be integrated into the Northern European and Gulf Coast pipeline networks,
  - another major cogeneration unit started up in October for a customer in the Rotterdam industrial basin,
  - coal-to-chemical gasification projects have been signed and are being developed in China, in which Air Liquide is either selling significant quantities of oxygen or is supplying the ASU for in-house production,
  - Air Liquide will lead the Horizon Hydrogen Energy, H2E, research project, which aims to develop a sustainable and competitive hydrogen energy business in Europe. The total Research and Development budget of the H2E project is 200 million euros over the next seven years,
  - joint research programmes for the development of clean combustion technologies (using large quantities of oxygen) and CO_2 capture and storage have been entered into in Sweden and Australia, on top of the existing projects with Total in France and the Department of Energy in the United States of America.
- **Emerging economies:**
  - the successful completion of five projects in the Middle-East (Kuwait, Qatar, Egypt (two projects) and Oman) has been combined with the acquisition of Pure Helium, a strong distributor in the region demonstrating the dynamic effects of the ALMA focus on growth objectives,
  - start-up of five projects in China. In all, 10 of the 19 start-ups were in emerging economies,
  - several small Industrial Merchant acquisitions have also been made in Russia, to boost the Group's presence in this country, after the successful start-up of the country's first-ever outsourced ASU for Severstal,
  - minority interests were bought out in two of the Group's Asian joint ventures. As a result, the Group now has full control over its Chinese engineering activities as well as its Singaporean pipeline network.
- **Health:**
  - the launch of the world's first xenon-based anaesthetic, LENOXe™, met with enthusiasm in the medical world in Germany and France, and is now being launched in Italy and Portugal – the low level of secondary effects is positioning the product as particularly interesting for old or chronically ill patients,
  - after Celki in China in 2007, a first step was made in the Indian health market, with the acquisition of Electrocare Systems, a respiratory equipment manufacturer.
- **High-Tech:**
  - major contracts have been signed with photovoltaic industry leaders in China, Greece, Germany, USA, Philippines and Malaysia, confirming Air Liquide's leadership position in this fast growing industry,
  - the acquisition of the Chemical Management division of Edwards complements Air Liquide's electronics position in the high purity fluid equipment and installations sector,
  - two major agreements were signed for the supply of ultra-high purity gases with leading flat panel manufacturers in Taiwan,
  - the opening of a third Electronics Material Center (EMC) in Japan, will strengthen the supply chain to better accompany customer development in Asia,
  - thanks to its advanced cryogenic technologies, Air Liquide contributed to the world's longest and most powerful superconductor power transmission cable in the USA. This cable can transport three to five times more energy than a traditional cable.

In the fourth quarter of 2008, the portfolio of investment opportunities was more than 4 billion euros. However, several projects were pushed back in the last few weeks of the year. Industrial investment decisions increased in 2008 to a record level of 2.2 billion euros, confirming the Group's capacity to grow over the next few years. Industrial capital expenditures reached 1.9 billion euros, up from 1.4 billion euros in 2007 and 1.1 billion euros in 2006. In total, 19 production units were started-up in 2008, of which 10 were in emerging economies.

2. The deployment of **Goal** and **Capital**, as part of the ALMA program, was a highlight of the year:

- The **Goal** programs were focused on three major themes:
  - energy consumption reduction – with, as examples, the implementation of improved production process control and load optimization systems in production units,
  - logistics optimization and automation – with the continued implementation of telemetry on storage tanks on customer sites and the ongoing rationalization of filling centres in Europe,
  - mutualization and renegotiation of major procurement contracts in IT systems, consumables, telecommunications, leases and industrial transport.

These centrally-led programs were relayed and complemented by more than 1,000 local initiatives.

All these programs together have generated 230 million euros of efficiency in 2008.

- The **Capital** projects consist of:
  - design-to-cost and standardization of main production units resulting in a 15% to 20% reduction of investment costs for a significant share of future projects,
  - implementation of framework agreements for asset procurement, such as production and storage components, with negotiated price reductions of up to 15%,
  - reallocation and rotation improvement of assets, such as trucks, tanks and cylinders, with the creation of a dedicated European logistics platform in Germany,
  - optimization of the working capital requirement based on billing and collection processes in more than 50 entities representing 85% of the revenue of the Group, with the objective of maintaining the level of the working capital requirement in a growth context, achieved in 2008.

2008 INCOME STATEMENT

Revenue

In millions of euros	2007	2008	2008/2007 published change
Gas and Services	9,999	11,028	+10.3%
Engineering and Construction	831	1,081	+30.0%
Other activities	971	994	+2.4%
TOTAL REVENUE	**11,801**	**13,103**	**+11.0%**

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

Group revenue totaled **13,103 million euros** in 2008, up +11.0% on an as published basis. Excluding the currency impact, revenue rose by +12.6%.

GAS AND SERVICES

Gas and Services revenue increased by **+9.1%** on a comparable basis to reach **11,028 million euros**.

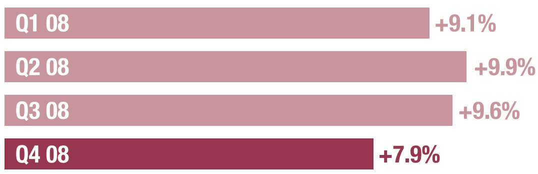
The year 2008 can be broken down into two separate periods. The first period corresponds to the first three quarters of the year. The second period, corresponding to the last quarter, was characterised by the onset of the marked worldwide economic slowdown which impacted certain Air Liquide customers.

Over the first three quarters, overall growth reached +9.6%. Thanks to its intrinsic strengths, the Group reported +7.9% growth in the last quarter of 2008.

In 2008, while strengthening its leadership in mature economies, the Group actively pursued its development in emerging economies. Sales rose by +92% in Eastern Europe, +23% in China and +61% in the Middle-East.

Out of the 19 new projects started-up in 2008, 10 are located in emerging markets (Russia, Bulgaria, China, Middle-East…).

QUARTERLY GAS AND SERVICES REVENUE GROWTH



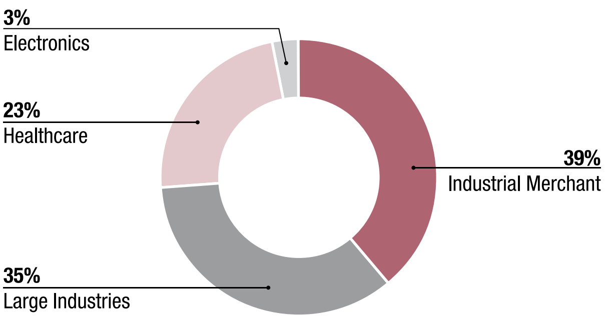
Revenue *(in millions of euros)*	2007	2008	2008/2007 published change	2008/2007 comparable change*
Europe	5,452	6,105	+12.0%	+9.9%
Americas	2,517	2,660	+5.7%	+6.6%
Asia-Pacific	1,851	2,066	+11.6%	+9.1%
Middle-East and Africa	179	197	+10.4%	+22.4%
Gas and Services	**9,999**	**11,028**	**+10.3%**	**+9.1%**
Industrial Merchant	4,439	4,609	+3.9%	+5.8%
Large Industries	3,024	3,675	+21.5%	+14.8%
Healthcare	1,592	1,700	+6.8%	+7.5%
Electronics	944	1,044	+10.6%	+9.4%
Gas and Services	**9,999**	**11,028**	**+10.3%**	**+9.1%**

* *Comparable: excluding currency and natural gas impacts.*

Europe

Sales amounted to **6,105 million euros**, up **+9.9%** compared to fiscal year 2007, benefiting mainly from the strong growth in sales in Large Industries.

GAS AND SERVICES REVENUE IN EUROPE



2008 Revenue: 6.1 billion euros

- **Industrial Merchant** reported **+1.4%** growth, due to the sale of the Metrology activities, modest volume growth and significant pricing action in all countries to offset the rise in production costs. The economic slowdown observed as from the start of the year in Southern Europe gradually spread northward, resulting in a decline in volumes across the whole of Europe in the last quarter of 2008. The manufacturing and automotive sectors suffered the most, as certain customers sharply reduced their production in December 2008. The other end-markets of Air Liquide's Industrial Merchant activity such as food-pharmaceuticals, technology-research and craftsmen-distribution were only slightly exposed to the economic slowdown and did not reduce gas consumption.

  In this difficult context, sales remained high in Western Europe, with solid resistance from cylinders, particularly in Germany. It should be noted that a part of revenue stems from the leasing of cylinders and tanks and was only slightly affected by the temporary decline in consumption of certain customers.

  Sales growth was particularly buoyant in Eastern European countries. Russia reported significant growth due to the acquisition of a local distributor in St Petersburg.

  Rare gas sales increased significantly across Europe.

  The diversity of its customer base in a wide variety of sectors, the 2008 price increases and the solid business model enabled the Group to limit the downside in a difficult economic context, especially at the end of the year. The roll-out of Industrial Merchant activities in Eastern Europe was backed up by the solid performance achieved in the relevant countries.

- **Large Industries** revenue rose sharply by **+25.6%**, mainly due to the ramp-up of Severstal (air gas in Russia) and the start-up of two major production units: a cogeneration unit in Rotterdam and an hydrogen unit in Antwerp. The business segment also benefited from the takeover of EVC (tri-generation units: steam, electricity and refrigeration) in Germany.

  The main Large Industries customers in the chemicals and steel sectors were impacted in the last quarter of 2008 by the economic slowdown relating to the fall in automotive and construction demand, whereas the refineries maintained a steady level of activity throughout 2008. Certain European chemicals and steel manufacturers halted their production on certain sites for several weeks to reduce their stocks. In Germany, activity remained strong in 2008, the industrial basins being less affected by site closures.

- **Healthcare** rose by **+7.7%**, driven by the very significant growth in the homecare and hygiene sectors and the contribution from acquisitions in Germany and the United Kingdom in 2007.

  Homecare rose significantly by +12.3% across Europe, particularly due to the steady development of sleep apnea treatment, ventilation and sleep testing, in addition to the regular extension to new treatments, such as diabetes, cancer, and so on.

  The medical gases business continued to grow (up +3.9%), particularly in Northern Europe. Pricing pressures continued due to the tender process. Overall sales of the therapeutic gases Kinox™, Kalinox™ and LENOXe™ had an impact on revenue, albeit somewhat limited.

The hygiene business continued its growth momentum in Europe (up +9.4%), and more particularly in France and Germany.

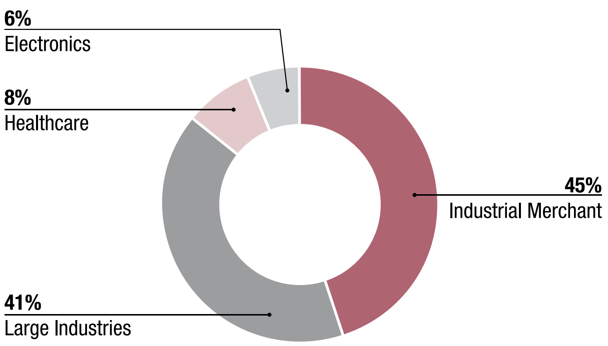
- **Electronics** sales decreased by **-4.5%** due to the sector decline in activity.

Americas

Gas and Services revenue in the Americas totaled **2,660 million euros**, up **+6.6%**, primarily driven by Industrial Merchant and Healthcare, while Large Industries did not benefit from major start-ups in 2008.

The USA benefited from the acquisition of Scott Specialty Gases at the end of 2007, with positive effect in the Industrial Merchant, Healthcare and Electronics business lines.

GAS AND SERVICES REVENUE IN THE AMERICAS



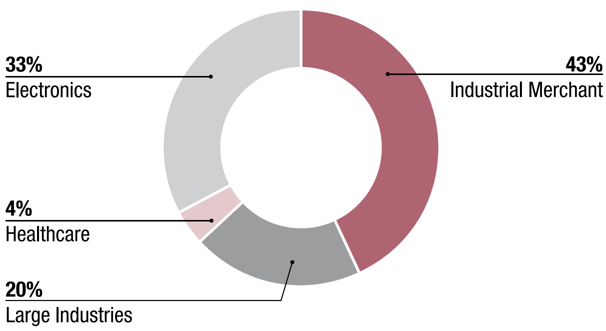
2008 revenue: 2.7 billion euros

- **Industrial Merchant** activity posted **+9.9%** growth. It benefited from positive pricing across the region, sustained volumes despite a slight slowdown in the closing weeks of the year, and the acquisition of Scott Specialty Gases in the United States in mid-2007. Significant growth was reported in South America (up +14.3%), particularly in Argentina and Brazil. In Canada, business remained steady, particularly in the fourth quarter, due to the high demand for carbon dioxide and nitrogen in the oil industry.
- **Large Industries** activity was impacted by the hurricanes Gustav and Ike (in the second half of 2008), the absence of new production units and fourth quarter customer stoppages of US chemical and Canadian steel producers, who supply the automotive industry. Take-or-pay guaranteed volumes helped maintain the amount of revenue over the entire year (up **+0.3%**).
- **Healthcare** revenue rose by **+13.2%**, driven by strong prices and growth in medical gases in the United States and the significant increase in homecare activity in South America. Performance in Canada improved slightly, mainly due to the starting of the homecare contract in British Columbia in the fourth quarter.
- **Electronics** posted **+16.0%** growth, due to acquisitions, including the Edwards Chemical Management Division in 2008.

Asia-Pacific

With revenue of **2,066 million euros**, Asia-Pacific reported **+9.1%** growth, driven by emerging economies (China, South-East Asia) up **+20.6%**. Nevertheless, the slowdown in the Electronics sector impacted the economic environment in Japan, where sales remained stable in 2008.

GAS AND SERVICES REVENUE IN ASIA-PACIFIC



2008 revenue : 2.1 billion euros

- **Industrial Merchant** activity rose by **+7.4%**. The highest growth was posted in China (+30%) due to the commissioning of a new liquefaction unit in Hangzhou and the step-up in investments over recent years. Extensive growth was also reported in South-East Asia while growth continued in Australia at +9.5% in 2008. Only sales volumes in Japan declined slightly due to the economic environment. In the fourth quarter, business slowed down in Japan and South-East Asia but continued at the same pace in Australia and China.
- **Large Industries** revenue increased by **+11.6%** in Asia-Pacific, despite a slowdown in the last quarter of 2008. The highest growth was recorded in China, due to the launch of several air separation units (ASUs). The buyout of the minority interest in Island Pipeline Gases in Singapore, South-East Asia, contributed to growth in the region. Japan reported double-digit growth, helped mechanically by rising electricity

costs that where passed through into sales prices through contractual indexation clauses.

- Despite the sector's difficult environment, **Electronics** reported **+12.3%** growth in the region, driven by substantial Equipment & Installation (E&I) sales in Singapore and Taiwan, particularly in the second half of the year. Excluding E&I sales, gas sales growth totaled +5.3%.

After a period of sharp growth in production capacity, the Electronics sector (DRAM and Flash memories, flat panels) is suffering from overcapacity and falling prices even though the demand for flat panels and "intelligent memories" remains high.

Following the sharp growth of carrier gases in the first half of the year, sales remained stable in the second half despite the absence of new projects and the decline in volumes as revenue was safeguarded by the contract structure. Specialty gases held their own until June before demand dropped slightly in the third quarter and more significantly in the fourth quarter, in line with dwindling customer production.

The growth in the photovoltaic industry is still strong.

Africa and Middle-East

Africa and Middle-East revenue totaled **197 million euros**, up **+22.4%**, thanks to five start-ups during the year.

In 2008, the Group confirmed its desire to develop its activity in the Middle-East, which itself posted +61% growth. It commissioned several ASUs in Qatar and Kuwait, launched new industrial gas production units in Oman and Egypt and concluded the acquisition of the gas distribution company Pure Helium, present in most Gulf countries.

ENGINEERING AND CONSTRUCTION

Engineering and Construction revenue totaled **1,081 million euros**, up +30.0% (published variation), due to the full-year consolidation of Lurgi which was acquired in July 2007. Some of the Lurgi teams have already been assigned to internal projects for the development of the hydrogen activities. Engineering benefited from a more buoyant context due to emerging economies, which are rapidly becoming industrialized. In 2008, third-party customer and internal Group order intake totaled 1.4 billion euros equivalent to one year of capacity utilization.

Orders in hand totaled 5.2 billion euros at the year-end of which 3.1 billion euros are third-party.

ENGINEERING GLOSSARY

- **Orders in hand** represent the sum of the initial contracts of all Group and third party contracts managed by the Engineering and Construction entities, excluding contracts under warranty from the signature date.
- **Order intake** represents the sum of the initial contracts of all Group and third party contracts which entered into force during the period.
- **ASU:** Air Separation Unit.
- **HyCO:** SMR plants, CO Cold Boxes, Hydrogen PSA.
- **Traditional energy:** plants built in the refining and basic petrochemical area.
- **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

Revenue *(in millions of euros)*	2007	2008	2008/2007 published change	2008/2007 comparable change*
Welding-Cutting	598	614	+2.7%	+3.1%
Specialty Chemicals and Diving	374	381	+1.8%	+3.4%
TOTAL	**972**	**994**	**+2.4%**	**+3.2%**

* *Comparable: excluding currency impact.*

Welding-Cutting revenue rose by **+3.1%** in 2008. After a good first half, a slowdown was observed in the third quarter followed by a decline in sales in the last quarter. The decrease in the demand for consumables and equipment was due to a major reduction in customer inventories in a difficult economic climate.

Specialty Chemicals (with Seppic) and **Diving** (with Aqualung), was up **+3.4%**. The Chemicals sector suffered from supply shortages at the beginning of the year, more than compensated by strong activity at the end of the year. In Diving, the modest growth of consumer products was offset by the boost in sales of professional high-tech equipment designed for military use, amongst others.

Operating Income Recurring

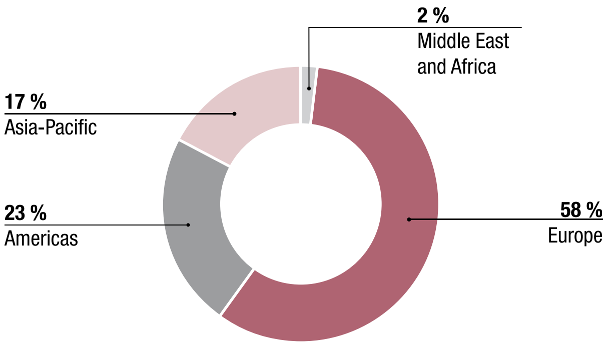
In 2008 Group Operating Income Recurring amounted to **1,949 million euros**, up **+8.6%**. The operating margin (operating income recurring as a percentage of revenue), at 14.9%, was impacted by the pass-through effect of higher natural gas prices and by the mix effect of the traditionally lower margin engineering activities. Excluding the mechanical effect of the higher natural gas pass-through, Group margins were stable at **15.2%**.

GAS AND SERVICES

Gas and Services recurring operating income increased by **+7.6%.** Excluding the effect of the higher natural gas pass-through, margins were stable at 18.1%, resulting from an acceleration in growth, pricing actions and efficiency gains.

At the beginning of 2008, the Group launched its ALMA program with the ambition of providing the organizational structure to build the Group's capacity to respond to the opportunities in the market. The ambition of the Goal program is to achieve 600 million euros of cost reduction over three years from 2008 to 2010. The first step was achieved in 2008 with **211 million euros of Gas and Services cost savings**.

GAS AND SERVICES OPERATING INCOME RECURRING BY REGION



2008 Gas and Services
Operating Income Recurring: 1.9 billion euros

2008 GAS AND SERVICES OPERATING MARGIN

	Margin*
Europe	18.9%
Americas	17.4%
Asia-Pacific	16.0%
Middle-East and Africa	25.5%
Total	18.1%

* *Operating Income Recurring Margin on Revenues Excluding natural gas impact.*

In **Europe**, operating income recurring at 1,130 million euros, was up **+7.1%**. Excluding the effect of increased natural gas pass-through, the operating margin fell by half a point, due to the lag time between effective price increases in Industrial Merchant and cost inflation. Added to this, the mix effect of an increasing share of hydrogen production and cogeneration is continuing to change the structure of Large Industries margins.

Operating income recurring for the **Americas** reached 442 million euros, up **+5.9%**. The operating margin increased +80 basis points, excluding the natural gas effect, thanks to Goal efficiency gains in the region.

In **Asia-Pacific**, operating income recurring was 326 million euros, a **+11.8%** increase. Excluding the natural gas effect, the margin increased +20 basis points, thanks to productivity gains resulting from the synergies generated from a more integrated organization.

Operating income recurring in **Middle-East and Africa** amounts to 50 million euros, up **+9.0%** compared to 2007.

ENGINEERING AND CONSTRUCTION

Engineering and Construction operating income recurring, including interest income, reached 52 million euros, representing 4.8% of revenue. 2008 is the first year of the full consolidation of Lurgi and should be seen as a base from which to improve, as the new engineering organization becomes more focussed on the Group's core businesses.

OTHER ACTIVITIES

The Other Activities operating income recurring totalled 122 million euros, up +3.4%.

R&D and corporate costs amounted to 174 million euros.

Net earnings

Other "non-recurring" operating income of 30 million euros is attributable to various restructuring costs, mainly in Europe, and to provisions for depreciation of customer receivables. 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.

Net financial costs and the other financial income and expenses totalled 270 million euros, versus 234 million euros in 2007. The increase in financial costs reflects mainly the increase in the volume of debt over the year, as the average cost of debt was 4.6% compared to 4.5% in 2007. The increase in other financial costs is mainly due to a perimeter effect.

Profit from associates was 25 million euros, down -7.1% from 2007, due to exchange rate impacts. Excluding this effect, profit from associates would have been up nearly +5.6%.

The effective tax rate amounted to 24.4%, versus 26.5% in 2007 benefiting partly from a reduction of tax in Germany, Italy and Canada.

Minority interests totaled 52 million euros, up +10.4% against the 47 million euros in 2007. This is explained by the first-time full consolidation of EVC in Germany.

Overall, the **net profit (Group share)** reached **1,220 million euros** in 2008, up +8.6%, or **+10.8%** excluding the exchange rate impact.

Net profit per share totaled 4.70 euros, up **+10.3%** (+12.5% excluding currency impact). The average number of shares outstanding used for the calculation of net profit per share as of December 31, 2008 was 259,634,357.

EVOLUTION OF THE NUMBER OF SHARES

(adjusted for the share split on June 13, 2007 and the one for ten bonus share issue on June 9, 2008)

	2007	2008
Average number of shares outstanding *	**263 743 077**	**259 634 357**

* *Used for the Earning Per Share calculation.*

Number of shares 12/31/2007	**238 844 710**
Bonus shares	24 220 146
Stock options**	773 842
Cancellation of treasury shares**	(2 916 350)
Number of shares 12/31/2008	**260 922 348**

** *Flow in historical number of shares.*

2008 CASH FLOW AND BALANCE SHEET

In millions of euros	2007	2008
Cash flow from operating activities before changes in working capital	**2,054**	**2,207**
Changes in working capital	94	128
Others	(46)	(42)
Net cash from operating activities	**2,102**	**2,293**
Distributions	(530)	(590)
Purchase of tangible, intangible and financial assets	(2,668)	(2,151)
Other items	200	58
Net before financing	**(896)**	**(390)**
Increase in capital stock	91	45
Purchase of treasury shares	(534)	(168)
Other	126	(311)
Change in net indebtedness	**(1,213)**	**(824)**
Net indebtedness at end of period	(4,660)	(5,484)
Debt to equity ratio at end of period	**72%**	**78%**

Cash flow from operating activities

Cash flow from operating activities before changes in working capital requirement rose by +7.4% in 2008. After changes in working capital, the net cash from operations rose by +9.1% to 2.3 billion euros.

Changes in working capital

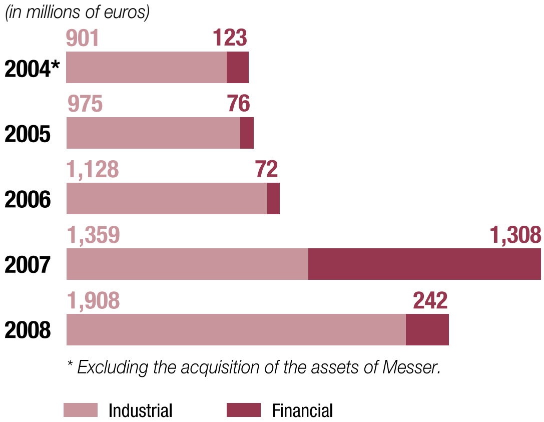
Working capital decreased by 128 million euros in 2008, thanks to the implementation of strict cash management, as part of the Capital project, and this, despite the growth in activity. As a result, the ratio of working capital (excluding tax) to revenue decreased to 6.9%, relative to 8.9% at the end of 2007.

Capital expenditure

Total investments reached 2.1 billion euros in 2008.

INDUSTRIAL AND FINANCIAL CAPITAL EXPENDITURE

(in millions of euros)



* *Excluding the acquisition of the assets of Messer.*

INDUSTRIAL CAPITAL EXPENDITURE

As a result of the doubling of investment decisions between 2005 and 2008, industrial capital expenditure is now increasing, reaching 1.9 billion euros in 2008 versus 1.4 billion euros in 2007 and on average of 1 billion euros per annum between 2004 and 2006.

The geographical breakdown of industrial capital expenditure has changed somewhat in 2008. The share of Europe and USA has decreased and capital expenditure has increased in the Middle-East and Asia-Pacific. Total capital expenditure in China alone was 283 million euros, or 14% of the total.

BREAKDOWN OF GAS AND SERVICES INDUSTRIAL CAPITAL EXPENDITURE

(In millions of euros)	Gas and Services			
	Europe	Americas	Asia-Pacific	Middle-East and Africa
2007	652	291	318	50
2008	**751**	**415**	**617**	**79**

FINANCIAL CAPITAL EXPENDITURE

After a particularly active 2007 year in terms of acquisitions, 2008 was more focused on integrating the companies acquired and leveraging the new entities to accelerate growth. During the year total financial investments amounted to **242 million euros**, after 1,308 million euros last year. These payments reflected the buying out of minority interests in two Asian joint ventures, namely the Chinese engineering activities with Hangzhou Oxygen Plant Group Co, Ltd and the Singaporean pipeline network. As a result, Air Liquide now has complete control over its engineering business and plant production capacity in China. Other small acquisitions included a couple of Industrial Merchant entities around the St Petersbourg area in Russia, a respiratory equipment manufacturer in India, providing the healthcare activities with its first foothold on the sub-continent, and Pure Helium, a specialized industrial gas distributor in the Texas Gulf Coast which will enable the Group to leverage its five new start-ups in the region.

CAPITAL INTENSITY

Capital intensity is the **ratio of capital required to generate one euro of 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 evolution of electricity prices;
- **Hydrogen and Cogeneration in Large Industry** 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) close to 12%**.

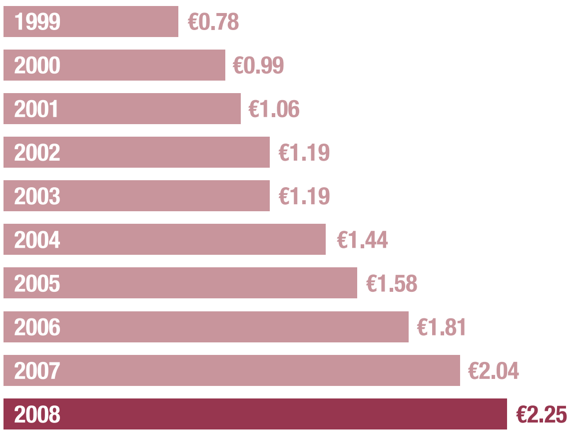
Because of the differences in capital intensity among the various Group activities, **operating margins will vary accordingly**.

Dividend

At the annual General Shareholders' Meeting on May 7, 2009, a dividend of 2.25 euros per share will be proposed to shareholders for fiscal year 2008.This represents a pay-out ratio of 49.3%.

The record date has been fixed for May 13 and the payment date for May 18, 2009.

DIVIDEND PER SHARE OVER 10 YEARS
(in euros)



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

AVERAGE ANNUAL GROWTH RATE OVER 10 YEARS

Dividend per share: +12.1% p.a.

Total shareholder return: +8.1% p.a.

AT YEAR END 2008

Dividend yield: +3.4%

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 tax credit), assuming that the dividend is immediately reinvested in shares. The TSR is calculated by **adding the dividend yield (dividend/share price) to the capital gain (capital gain over the period/initial share price)**.

L'Air Liquide S.A. parent Company figures

L'Air Liquide S.A. net earnings reached 695 million euros, compared to 574 million euros in 2007.

Share buy-back program

Early 2008, in line with the Group's financing strategy, Air Liquide continued its share buy-backs. From September share buy-backs were discontinued to optimize cash management and secure short-term financing needs.

In 2008, the Company bought back 1,851,016 shares, at an average price of 87.62 euros, for a total cost net of sales of 162.2 million euros. This represents 0.8% of the share capital the Group as at December 31,2007. Including shares acquired as part of the liquidity contract (initiated in January 2007), the total net of sales cost was 168.2 million euros.

At the same time, during the year, were issued 773,842 new shares for stock option subscriptions and 24,220,146 bonus shares.

Net indebtedness

Net Indebtedness increased during 2008 by 824 million euros to 5,484 million euros at December 31, 2008. This is explained by the factors mentioned above as well as a significant increase in the yen relative to the euro at December 31, 2008. Excluding currency and perimeter effects, net indebtedness increased by 513 million euros.

Net indebtedness/equity

The Net Debt to Equity ratio amounts to 78% at December 31, 2008, reflecting the significant level of investments realised during the year.

ROCE

The Return on Capital Employed (ROCE) after tax remains above 12%, at **12.1%**, down from 12.3% in 2007. The small decline is entirely due to the impact of exchange rates.

Effect of acquisitions

There was no significant impact on the balance sheet from acquisitions in 2008, reflecting their modest size.

FUNDING POLICIES

The Group's financing policy is regularly reviewed to provide support to the Group's growth strategy. The gearing objective, of between 70 and 80%, was redefined in line with the acceleration in growth as part of the ALMA program.

The previous precautionary principles have also been reinforced as the result of the deterioration in the financial markets in the fourth quarter 2008:

- 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 25 and 28 to the Consolided financial statements for the year ended December 31, 2008 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 relies on 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, 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 authorization being delegated to the Board of Directors. At the end of 2008, outstanding notes under this program amount to 3.6 billion euros (nominal amount), of which 1.1 billion euros was issued in 2008 to finance the Group's growth and its financing needs for the beginning of 2009. The Group also obtains funding through bank debt (loans and lines of credit) and private placements.

Note 25 to the Consolidated financial statements breaks down Group indebtedness, in particular by instrument type and currency.

Net indebtedness by currency

	2007	2008
EUR	64%	53%
USD	16%	18%
JPY	15%	18%
Others	5%	11%
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 remained stable between 2007 and 2008. Net indebtedness denominated in US dollars, largely related to the funding of the subsidiary American Air Liquide, amounted to 1 billion euros as at December 31, 2008, compared to 756 million euros in 2007. Yen-denominated net debt increased in 2007, in order to fund the buy-out of the 45% minority share in Japan Air Gases held by Linde, for a total of 971 million euros at the end of 2008, compared to 699 million euros at the end of 2007. This new increase essentially reflects the impact of monetary fluctuations. Finally, the rise in other foreign currency debt mainly stems from an increase in Group investments in China and the United Kingdom.

Centralization of funding and excess cash

To benefit from economies of scale and facilitate 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, Asia and North America. As of December 31, 2008, Air Liquide Finance granted, directly or indirectly, the equivalent of 4,405 million euros in loans and received 2,848 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 160 subsidiaries.

Because of the currency offsetting positions adopted by Air Liquide Finance, these intra-group funding operations do not generate any foreign exchange risk for the Group. In geographical locations where the Group decides to limit its risk, and where market conditions permit, the subsidiaries fund themselves independently.

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

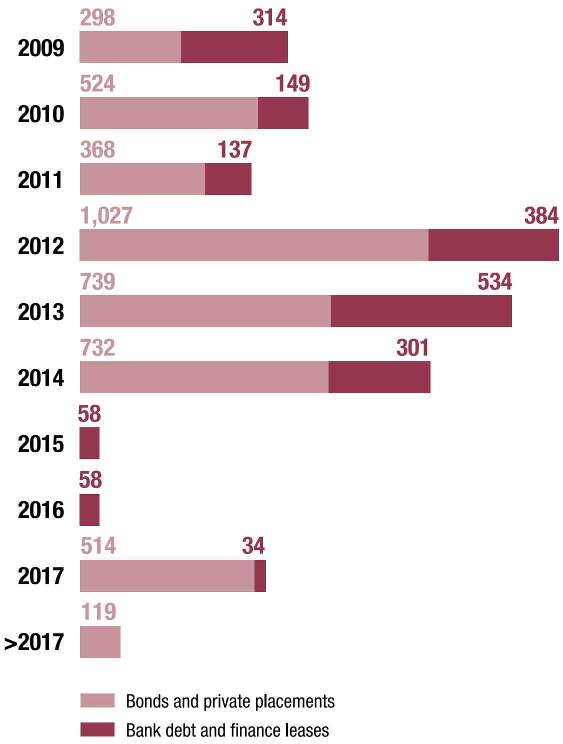
Debt maturity and schedule

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 21%.

DEBT MATURITY SCHEDULE

(In millions of euros)



The average debt maturity stood at 4.5 years in 2008, compared to 4.8 years in 2007, reflecting the spreading of debt maturities over time. The reduced maturity primarily stems from an 800 million euro issue under the EMTN program in the fourth quarter of 2008. Given the prevailing market conditions, the Group Finance Committee decided on a four-year maturity in order to limit the cost.

The detailed debt maturity schedule is presented in Note 25 to the Consolided financial statements.

Change in net indebtedness

Total net indebtedness rose by 824 million euros, to 5,484 million euros as of December 31, 2008, compared to 4,660 million euros as of December 31, 2007. The increase primarily reflects Group investments in 2008 for 2.1 billion euros, the impact of yen fluctuations recorded in the Group balance sheet for 228 million euros, and to a lesser degree the pursuit of share buybacks. Excluding foreign exchange impact, the net debt increased by 570 million euros in 2008.

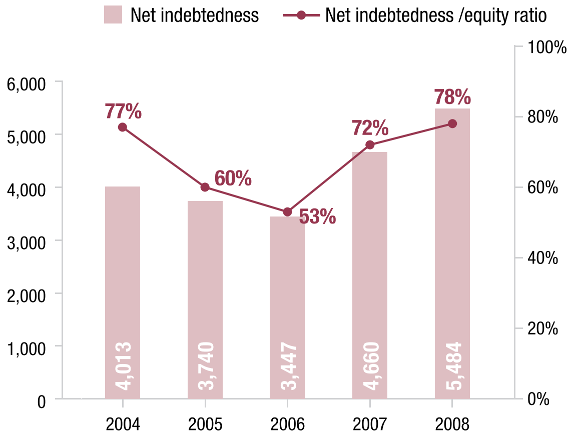
See Statements of change in net debt on page 123.

The net Indebtedness equity ratio was 78% at the 2008 year-end (compared to 72% at the 2007 year-end). The change in this ratio in 2008 is the result of an increase in Group net indebtedness. The equivalent ratio calculated using the US method: net indebtedness/(net indebtedness + shareholders' equity) reached 44% at the end of 2008 compared to 42% at the end of 2007.

The financial expense coverage ratio (recurring operating income + share of profit of associates/net finance costs) stood at 9.2 in 2008, compared to 10.1 in 2007.

NET INDEBTNESS AS OF DECEMBER 31

(In millions of euros)



The average cost of net indebtedness was 4.64% in 2008, compared to 4.52% in 2007. This slight increase reflects the higher cost of euro-denominated debt at the end of 2008, largely offset by the lower cost of US dollar debt. 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 2008. Cost of net indebtedness is calculated by dividing net finance costs for the fiscal year (238.2 million euros in 2008, excluding capitalized interest) by the year's average outstanding net indebtedness. The latter is calculated using a monthly average. The breakdown is shown in Note 25 to the Consolided 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 Consolided financial statements.

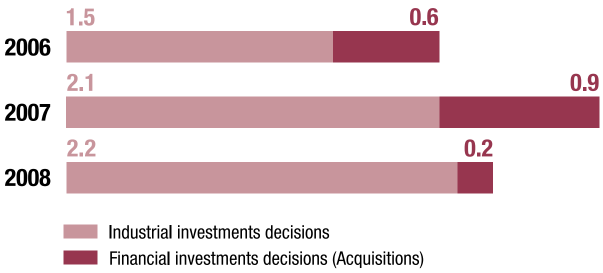
The long-term credit rating

The Air Liquide long-term credit rating from Standard & Poor's remained unchanged at "A/stable" in 2008. The short-term credit rating from Standard & Poor's also remained unchanged at "A-1". Moody´s raised the outlook for Air Liquide's "P-1" short-term credit rating from "negative" to "stable" in 2008. 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.

Future outlook and trends

INVESTMENT DECISIONS

INVESTMENT DECISIONS
(in billion of euros)



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 engage 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" insert) varies with the overall assessment of the risks associated with each project. It is calculated after tax, free of inflation, with depreciation taken straight-line over the duration of the contract, 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 Strategic Control Director or 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 on size, cost of raw materials and access to markets;
- **customer risk**;
- **country risk**;
- **contract clauses**;
- **technological risk**.

The return on capital employed (ROCE) related to a major Large Industries long-term contract will change over the life time of the contract. It is lower in the first 4 to 5 years, due to customer ramp-up in demand, relative to straight-line depreciation over time. Return on capital increases rapidly thereafter (refer to page 34 "The theoretical lifespan of a 15-year contract in Large Industries").

In 2008, industrial investment decisions and related contract signatures (excluding financial investments) increased a further +5% to 2.2 billion euros. Stabilisation at this high level reflects the strength in the project portfolio throughout the year.

The number of projects signed in 2008 was down slightly relative to the previous year, but the average size of the projects increased.

Like in 2007, Large Industries projects accounted for half total decisions (1.1 billion euros), with two-thirds in air gases, a large proportion being in emerging economies, and one third in hydrogen, with new plants signed on the Northern European pipeline and on the Gulf Coast network in the United States.

Industrial Merchant investments decisions reached 750 million euros, up +8% on 2007, with 53% of new capacity in emerging economies. Tight capacity in Western Europe and the USA has provided selective opportunities for investment in certain regions in the United States, Portugal and Southern Germany.

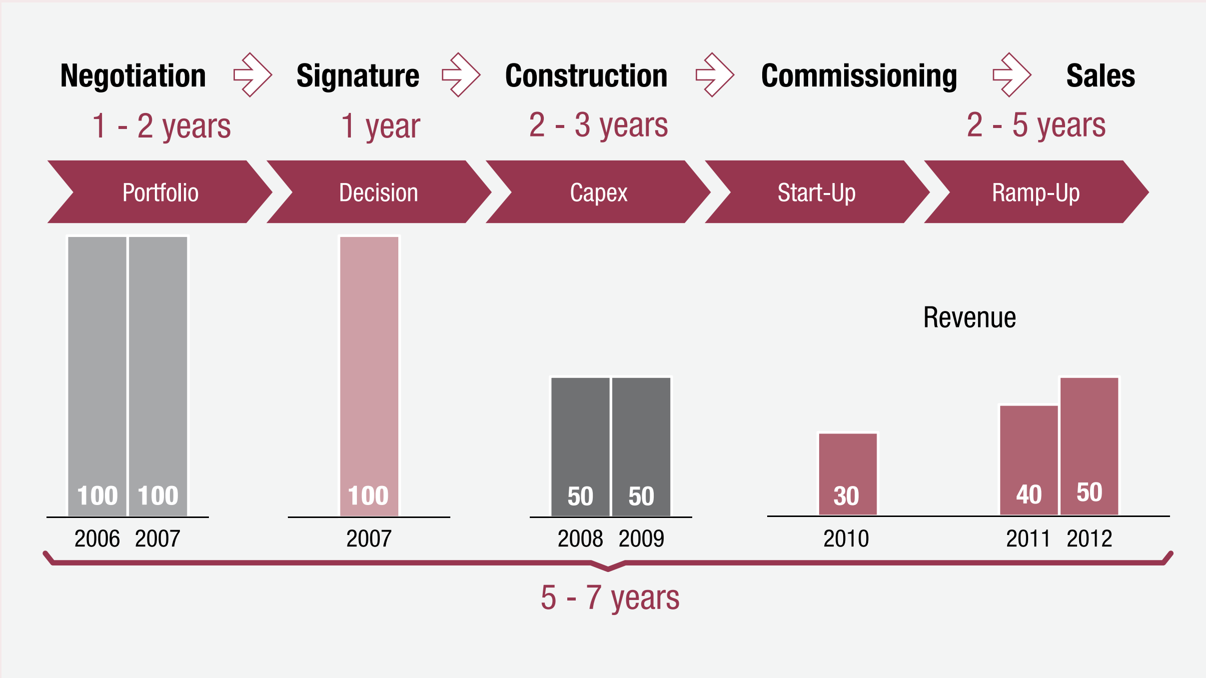
The remaining 350 million euros was invested in Electronics, in particular, in the photovoltaic industry, and in Healthcare.

After an unusually high level of investment decisions in 2007, total decisions in Asia came back to a more sustainable level. Emerging economies represented one third of the total, with a significant increase in decisions in the Middle-East and Africa. On the other hand, hydrogen projects in Europe and the United States significantly enhanced the mature economies' share of decisions in 2008.

During the fourth quarter 2008, the portfolio of opportunities was running at over 4 billion euros although several projects had been pushed back in the last weeks of the year.

2008 Investment decisions are in line with the Group's ROCE objective. Large Industries contracts continue to be signed for a 15-year period, with take or pay, and energy and inflation pass-through clauses. Minimum returns on capital employed are required for every single project. These golden rules are essential to preserve long term profitability and to achieve the mid term ROCE objective of between 11 and 12%.

THE THEORETICAL LIFESPAN OF A 15 YEAR CONTRACT IN LARGE INDUSTRIES



Stage **Negociation**: the project is negotiated with the customer within the portfolio of potential opportunities for approximately 2 years.

Stage **Signature:** an investment decision is taken at the signing of a long-term contract.

Stage **Construction:** capital expenditures begin as Air Liquide builds the unit over 18-24 months, sometimes up to 3 years depending on the size of the project and beginning of investment payments.

Stage **Commissioning:** the unit starts up. Sales begin at the take-or-pay level, guaranteeing minimum profitability.

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

Between years four and five after the start-up, the production unit is already partially amortized, 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.

2009 AND MEDIUM-TERM OUTLOOK

During the last quarter of 2008, the economic slowdown led to a brutal decline for certain customers, in particular in automotive, steel, chemicals, electronics and welding sectors. The Group registered significant falls in demand in specific segments such as oxygen for flat steel or Electronic Specialty Gases for Electronics. Nevertheless, other sectors have been resilient, such as refining, where hydrogen demand is stable, or health.

Accordingly, in the fourth quarter 2008, Gas and Services revenue increased +7.9% on a comparable basis, demonstrating the Group's capacity to withstand the current context. The revenue decline linked to the volume falls in the cyclical sectors, estimated at -4%, was more than compensated for, firstly by the +6% growth achieved by the combination of the defensive sectors and price increases implemented throughout the year, and, secondly, by the contribution of around +6% from start-ups of new units and small acquisitions.

Today, as a result of its strategy, Air Liquide has **structural advantages**: its market mix, the enlarged products/applications portfolio and the nature of its long-term contracts with a significant fixed portion covering investments and fixed costs. **Consequently, 80% of the Group's revenue today comes either from long-term defensive markets or from products that are mostly unaffected by cyclical factors.**

Added to this, the increasing number of start-ups and ramp-ups which should contribute **1 billion euros of supplementary sales** over the period 2009 to 2010, the balance and diversity of the geography of the Group's activities and the momentum created by its Goal and Capital projects, as part of the Group's ALMA program, represent **considerable strengths today**.

The Group reacted rapidly to the new economic environment. From the month of October 2008, immediate measures were taken to protect revenues, to reduce costs and to secure financing. The positive impact of these actions can be seen in the fourth quarter performance.

The **priorities within the ALMA program were realigned for 2009** to secure and finance short-term and medium-term growth in revenue and net profit. **Capital expenditure, of about 1.6 billion euros,** will be limited by the capacity to generate cash after the payment of the dividend. This level remains sufficient to cover the projects that have been approved in previous years and to continue to make further investment decisions. The Goal efficiency target will be raised to more than 250 million euros in 2009, through **additional savings of 50 to 100 million euros**. Cash management will be strictly monitored and actions aimed at optimizing the working capital requirement have been accelerated. The ROCE objective of 11 to 12% has been maintained.

Due to low visibility in the global economic environment, the Group is working within two possible scenarios:

- a prolonged crisis based on mature economy GDP decline of -1% to -2% and emerging economy GDP growth of +2% to +3%, resulting in a decline in cyclical sector activity of -30%;
- a partial recovery in the second half based on zero GDP growth in mature economies and +4% GDP growth in emerging economies, resulting in a decline in cyclical sector activity of -10%.

As a result, the impact of the decline in cyclical sector revenues is expected to be -5 to -2%, of the defensive sectors and pricing, should be +2 to +3% and the contribution from the start-ups and acquisitions should be between +3 and +4 %.

The trends at the beginning of 2009 indicate a positive exchange rate effect of +3%, and a negative effect of the decline in natural gas prices of -3%. The two halves of the year are expected to be contrasted, as the impact of the slowdown will be more pronounced in the first half of the year. On the basis of these scenarios, its fundamentals and the dedication of its teams, **the Group aims for growth in its revenue and net profit in 2009**.

The Group has made investment commitments totalling around 7 billion euros over the past three years, setting a solid growth foundation for the years ahead. Additionally, the portfolio of investment opportunities remains high at between 3 and 4 billion euros. Total investment decisions over the period 2006 to 2009 should thus contribute around **2.5 billion euros of supplementary revenue by 2013**. These investments have been directed primarily towards markets identified as promising and long-term, which will enable Air Liquide, **once the effects of the economic slowdown have been absorbed, to pursue its growth rate in line with its medium-term objectives**.

Ten year consolidated financial summary

	Notes	1999	2000	2001	2002
Key figures *in millions of euros*					
Consolidated income statement					
Revenue		6,537.7	8,099.5	8,328.3	7,900.4
of which Gas and Services		5,694.0	7,113.6	7,256.7	6,887.0
Operating Income Recurring	(a)	935.0	1,116.0	1,177.6	1,161.6
Operating Income Recurring/revenue		14.3%	13.8%	14.1%	14.7%
Net profit (Group share)		562.7	651.8	701.9	703.2
Consolidated statement of cash flows					
Cash flow from operating activities before changes in working capital	(b)	1,308.4	1,564.3	1,627.4	1,514.1
Purchase of property, plant and equipment and intangible assets		1,129.4	910.2	769.8	632.8
Purchase of property, plant and equipment and intangible assets/revenue		17,3%	11.2%	9.2%	8.0%
Acquisition of subsidiaries and financial assets		309.0	104.8	332.4	306.9
Distributions related to fiscal year and paid in the following year	(c)	221.7	281.8	298.1	330.5
Consolidated balance sheet					
Shareholders' equity at the end of the period		4,926.8	5,285.9	5,353.3	5,219.3
Net indebtedness at the end of the period		2,432.7	2,280.3	2,583.5	2,022.3
Capital employed at the end of the period	(d)	7,704.1	7,923.7	8,259.8	7,474.4
Share capital					
Number of shares issued and outstanding at the end of period		82,862,583	91,429,644	90,821,483	100,818,441
Adjusted weighted average number of shares outstanding	(e)	273,481,366	272,762,428	269,171,369	266,111,450
Key figures per share *in euros*					
Net profit per share	(f)	2.06	2.39	2.61	2.64
Dividend per share		2.60	3.00	3.20	3.20
Total dividend (including tax credit until 2003)		3.90	4.50	4.80	4.80
Dividend adjusted per share	(g)	0.78	0.99	1.06	1.19
Ratios					
Return on equity (ROE)	(h)	12.1%	12.8%	13.2%	13.4%
Return on capital employed after tax (ROCE)	(i)	9.6%	10.5%	10.7%	10.8%

Bonus dividend:
Since 1995, a 10% bonus dividend is attributed to shareholders holding their shares in registered form for at least two years on the 31st December 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 2008 amounts to 2.25 euros per share, and the enhanced dividend to 2.47 euros per share representing a total distribution of 602.0 million euros. The tax credit associated to dividends is no longer applicable since fiscal year 2003.

(a) Operating income from 1999 till 2004.
(b) Funds provided by operations from 1999 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, 36.1 million in 2000 and 26.2 million in 1999, and including a bonus dividend of 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, 7.5 million in 2000 and 6.3 million in 1999.
(d) Capital employed at the end of period: shareholders' equity + minority interests + net indebtedness.
(e) Adjusted to account for, on a 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 1999 to 2008) and treasury shares.

2003	2004	2004 IFRS	2005	2006	2007	2008
8,393.6	9,376.2	9,428.4	10,434.8	10,948.7	11,801.2	13,103.1
7,388.5	8,275.2	8,275.2	9,147.7	9,628.0	9,998.5	11,027.6
1,196.0	1,276.9	1,374.6	1,517.6	1,659.2	1,794.1	1,949.0
14.2%	13.6%	14.6%	14.5%	15.2%	15.2%	14.9%
725.6	777.5	780.1	933.4	1,002.3	1,123.1	1,220.0
1,542.2	1,694.9	1,691.7	1,804.8	1,889.3	2,054.4	2,206.7
746.8	875.4	901.0	975.2	1,128.2	1,359.3	1,908.3
8.9%	9.3%	9.6%	9.3%	10.3%	11.5%	14.6%
74.9	2,858.5	2,858.5	76.2	72.3	1,308.2	242.3
327.5	391.2	391.2	432.1	497.0	551.0	602.0
5,079.2	5,373.6	4,916.3	5,930.5	6,285.8	6,328.3	6,856.8
1,730.2	3,790.3	4,012.5	3,739.8	3,446.6	4,660.2	5,484.4
7,269.4	9,505.4	9,245.0	9,948.5	10,013.4	11,136.6	12,490.0
99,912,917	109,180,823	109,180,823	109,538,475	121,149,189	238,844,710 (j)	260,922,348
264,037,048	262,368,216	262,368,216	261,905,830	264,683,681	263,743,077	259,634,357
2.75	2.97	2.97	3.56	3.79	4.26	4.70
3.20	3.50	3.50	3.85	4.00	2.25	2.25
4.80	3.50	3.50	3.85	4.00	2.25	2.25
1.19	1.44	1.44	1.58	1.81	2.04	2.25
14.1%	14.9%	16.3%	17.2%	16.4%	17.8%	18.5%
11.6%	11.3%	11.9%	11.7%	11.9%	12.3%	12.1%

(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.

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;
- **preserving life and the environment** in the Group's operations and at its customers' sites;
- **innovating for tomorrow** to guarantee the growth of the Company and its customers.

At the same time, the Group created a Sustainable Development Department to define and implement this approach in the Company.

- **Shareholders:** The Group wished to integrate the shareholder relationship into its sustainable development approach. Air Liquide and its shareholders have maintained, for over a century, a relationship of trust and the Group places its shareholders at the heart of its strategy with one objective: increasing the value of their investments through a sustained and regular growth of earnings and dividends over the long term. The loyalty of shareholders in the long term is a source of continuity of Air Liquide's strategy.
- **Men and women:** 43,000 men and women, in over 75 countries, make up multicultural teams with a host of competencies. Air Liquide considers it vital to promote diversity, facilitate and accelerate knowledge transfer, motivate and involve its employees and encourage social and human commitment, especially through the creation of the Air Liquide Foundation and the announcement of the Air Liquide University creation in 2008.
- **Preserving life and the environment:** Safety and the environment are at the heart of the Company's industrial policy. More than 40 industrial gas applications preserve life and the environment for the Group's customers: these applications represent 33% of the Group's revenue.
- **Innovating:** Air Liquide was created in 1902 as a result of an innovation, a new liquefaction and air separation technology. Innovation continues to be an essential value for the Company. Air Liquide files about 250 patents a year. Innovation and sustainable development are inseparable. Some 60% of the Research and Development budget is directly related to the sustainable development question, mainly dedicated to energy efficiency at Air Liquide and its customers' sites, cleaner production, and use of new energies like hydrogen.

Air Liquide has gradually established a structured sustainable development approach that now has over 160 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 performance indicators that are vital for sustainable development. These indicators notably concern long-term shareholder remuneration, the place of women in the Company, training, safety, the energy performance of production units and the filing of international patents.

Like the financial data, the extra-financial or sustainable development data has been reviewed each year since 2003 by Statutory Auditors. The reviews first of all evaluate the Group's procedures on the central level, then in the field in six Human Resources Departments of subsidiaries for human and social indicators, and in six large industrial sites for energy and environmental dimensions. The audit validates the consolidation of all this data with the various departments concerned and the Sustainable Development Department.

This review is not an obligation. It reflects Air Liquide's commitment to give more value to all these indicators provided to the Company's 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 in a single document 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.

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

- information on the impact of transportation (kilometers traveled by delivery truck, CO_2 emitted) covers the entire world. Figures are 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 are included in the reporting system as of their industrial service start-up;
- electricity consumption 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 RESPONSIBILITY

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 indicator for the rollout of the Group's codes of conduct is tracked by the Sustainable Development Department and the Group Audit;
- safety indicators are based on the Group's accident reporting tool, which falls under the Safety and Industrial System 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 data is carried out by the Safety and Industrial System Department using a dedicated intranet tool, and includes:
  - for the units mentioned above, other environmental indicators (atmospheric emissions, water consumption, discharge into 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 into 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 IMS project is 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 Departement 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. For the sixth year, and in the spirit of continuous improvement, Air Liquide has asked the Environment and Sustainable Development Departments of its Statutory Auditors, Ernst & Young and Mazars, to review the Group's procedures for Human Resources (excluding employee shareholders), safety and environmental indicators, and to check certain sites or units on the data collection process. The review and its findings are presented below. This review process has also resulted in recommendations, communicated within the Group, which serve as a basis for improvement in the following year.

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 avoided carbon dioxide emissions, water consumption, kilometers per on-site units and training indicators.

Statutory Auditors' report
about human resources, safety and environmental reporting procedures

At the request of and as Statutory Auditors of L'Air Liquide S.A. company, we reviewed reporting procedures on human resources, safety and environmental indicators published for the 2008 reporting period and presented in the tables on the following pages.

These indicators were prepared under the responsibility of Air Liquide's Executive Management in compliance with the Group's sustainable development reporting procedures applicable for the 2008 reporting period, summarized in the preceding pages. It is our responsibility to provide you with our findings following the procedures described below.

Nature and scope of procedures

As agreed, we carried out the following procedures :

- We reviewed the reporting procedures and assessed their relevance, completeness and accuracy with regard to the Air Liquide Group's activities.
- We conducted interviews at corporate headquarters with the services in charge of the reporting systems (sustainable development, human resources, finance, safety and industrial system, Large Industries, Industrial Merchant) to review the consolidation and data control processes as well as their presentation in the Annual Report.
- We visited six entities and six production units in nine countries in Europe, North and South America and Africa: Vitalaire France, Lurgi Gmbh in Germany, Air Liquide South Africa, Air Liquide Egypt, Air Liquide Canada and Air Liquide Argentina for the human resources reporting; the air separation units of Sarlux (Italy) and Cherepovets (Russia), the air separation unit and cogeneration of Geismar (United States), the hydrogen production unit of Longview (United States), and the acetylene production unit of Böhlen (Germany) for the safety and environmental reporting. In these areas, we selected the issues we considered as priorities: for human resources, employees, parity for women, training, performance review and rollout of codes of conduct throughout the Group; for safety and environment, work-related accidents, energies consumptions, carbon dioxide emissions and water consumption. For each of these topics, we assessed the adequate understanding and implementation of reporting procedures.

To conduct these procedures, we called on our teams specialized in sustainable development.

Such procedures do not include all the relevant controls for providing assurance in accordance with the international standard ISAE 3000 (International Standard on Assurance Engagements), but do allow us to describe findings.

Findings

Our procedures led us to the following findings:

- The Air Liquide Group presents the significant elements of its methodology on the preceding pages as well as notes and comments on the tables on the following pages.
- Compared to the preceding year, we noticed the following improvements:
  - for environment and safety, the Group has innovated while measuring the carbon content of the main gases produced. The implementation of reporting procedures related to water consumption has also been improved,
  - for human resources, the entities' awareness-raising operations were carried on and data consolidation controls were strengthened.
- Progress margins were also identified:
  - for the environment and safety reporting, the indicator related to energy consumption per volume of gas produced could better include minor sources of thermal energy,
  - for human resources reporting, the entities' implementation of reporting procedures concerning training as well as performance review (career interviews) remain perfectible.

Courbevoie, Paris-La Défense, March 23, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

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.

Shareholders

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 its institutional investors.

Becoming an Air Liquide shareholder also means backing a responsible actor that helps protect life and the environment and that shows it is commited in the human, social and societal areas.

Air Liquide has formalized its privileged and durable ties 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 1999

Year	Registered capital	Capital eligible for loyalty bonus
1999	32%	29%
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%**

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

Evolution of share ownership

Individual shareholders have always been the largest group of Air Liquide shareholders. They now number 410,000 and hold 38% of the Group's capital. This is nearly four times more than the average of the other CAC 40 groups.

French and foreign institutional investors represent respectively 26% and 35% of the capital.

Among the individual shareholders, Air Liquide employees hold 1% of the capital.

In %	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Individual shareholders	50	45	42	40	40	39	38	38	37	38
French institutional investors	24	24	20	21	23	24	25	24	30	26
Foreign institutional investors	26	29	35	37	35	36	36	37	32	35
Treasury shares	-	2	3	2	2	1	1	1	1	1

Air Liquide, a long-term investment

Since it was first listed on the French Stock Exchange, 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.

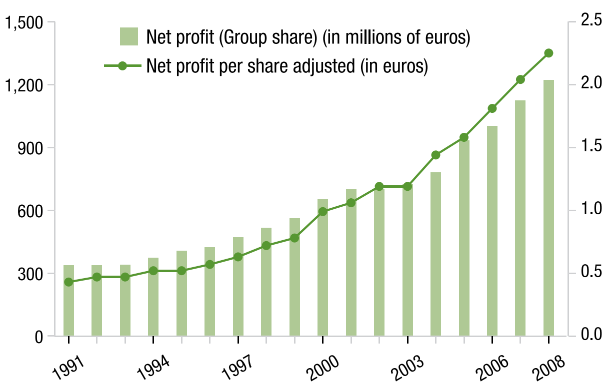
Air Liquide creates value by developing its activities and optimizing its performance over the long run. Over the last 30 years, Air Liquide's revenue has shown an average annual growth of 8.6%. This growth has been profitable: the Group's earnings have followed a similar trend, with net profit per share of +9.0%.

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 +12.1%.

	1999	2000	2001	2002	2003	2004 IFRS	2005	2006	2007	2008
Net profit (Group share) *(in millions of euros)*	563	652	702	703	726	780	933	1,002	1,123	1,220
Net profit per share *(in euros)* (a)	2.06	2.39	2.61	2.64	2.75	2.97	3.56	3.79	4.26	4.70
Dividend per share *(in euros)* (a)	0.78	0.99	1.06	1.19	1.19	1.44	1.58	1.81	2.04	2.25

(a) *Based on the average annual number of shares (excluding treasury shares) and adjusted to account for increase in capital performed via capitalization of reserves or additional paid-in capital, cash subscription and the share split by two 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 +8.1% a year, on average, including gross reinvested dividends, bonus shares and loyalty bonuses granted to registered shareholders. The Group's objective is to follow this long-term and transparent policy of comprehensive remuneration for shareholders in order to ensure regular growth in the value of their investment.

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

Human Resources, social and societal

The Air Liquide Group has increasingly demonstrated its commitment in the human, social and societal areas. The annual publication of indicators on these themes is an integral part of this approach. For the Group, it is a way to show and illustrate its commitment to social responsibility.

THE GROUP'S MEN AND WOMEN

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 talent. Air Liquide operates on diverse and complex markets. Diversity helps anticipate and adapt to these transformations. The fact that 22 different nationalities are represented among the Group's senior managers is a considerable asset from this viewpoint.

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 2008, the percentage of women who were hired for managerial and engineering positions rose from 24% to 29%.

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

Training

Air Liquide stresses the need for regular training of its personnel. Training is an integral part of the Company's development. It allows employees to work more efficiently and in an increasingly safe environment while improving productivity and employability. The increase in the average number of training days per employee and per year is moreover one of the key objectives of Air Liquide's sustainable development approach. The recent announcement of the creation of the Air Liquide University that will offer, in the longer term, about 20 specific programs ranging from the integration of new employees to leadership, will strengthen the Group's capacity to train its people.

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 2008, 51% of the employees received an individual variable share in their remuneration. In addition, this remuneration can also include benefits such as profit-sharing and medical expenses. In 2008, 98% of the employees had a social coverage element through the Group.

The handicapped

For Air Liquide, diversity and equal opportunity also mean better insertion of handicapped employees into its teams but through subcontracting in companies in the adapted sector as well. In 2008, handicapped employees represented 1.2% of the Group's personnel.

The three agreements the Company signed in 2006 and 2007 with social partners in France were in line with this spirit.

Other actions have been implemented and are currently underway, in particular, to offer internships or on-the-job training program for handicapped people, to maintain employment of handicapped workers at Air Liquide, to increase cooperation with aid-through-work centers and raise awareness. This approach is coordinated for L'Air Liquide S.A. by the Handicap Air Liquide program.

SOCIAL DIALOGUE

The European Works Council now has 28 employee representatives from 15 countries*. 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 Executive Management. The main themes discussed during this meeting are: safety, the Group's current activities, the annual activity report and the Group's strategy. Today, 81% of Air Liquide's employees have access to representation, dialogue and a consultation structure.

* *Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Italy, Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden.*

SUBCONTRACTING

The total amount of subcontracting of the Air Liquide Group was 1,368 million euros in 2008. 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.

CORPORATE CITIZEN

Principles of action and codes of conduct

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 www.airliquide.com Internet site in French and English.

Moreover, the Group's subsidiaries are encouraged to implement local codes of conduct. At the end of 2008, 57% of the Group's employees belonged to subsidiaries having a code of conduct. This decentralized approach combines the respect for local customs and regulations and the ethical commitment of the Group. It also permits the subsidiaries to thoroughly appropriate the Group's ethical principles by writing their own codes of conduct in their working language.

The implementation of these codes of conduct is backed by "Group Guidelines" 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 regulations and 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 activities: protection of information, property and resources;
- transparency and integrity of information;
- internal controls and audits;
- implementation of codes of conduct.

These codes of conduct demonstrate the Group's commitment to respecting 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 entities in applying their codes of conduct. He also handles all the questions submitted by employees on implementing these codes of conduct. Furthermore, certain departments (procurement, sales, legal, Human Resources, etc.) have drawn up guides and codes detailing their operating principles in their specific field. For example, the code of conduct for the Group's procurement teams, translated into 13 languages, specifies that suppliers must be evaluated openly and fairly and that they are bound to respect Air Liquide's sustainable development commitments. This code particularly stresses the Group's commitment in the preservation of the environment, safety, working conditions, respect for human beings and the rejection of all forms of discrimination. In addition, apart from this buyers' code of conduct, a clause on responsible purchasing and environmental reporting elements is being introduced in certain purchasing framework contracts.

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 April 2008, is to encourage and develop these initiatives. It has a worldwide ambition with the desire to support 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 local proximity actions and 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 project is followed by a 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/or 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 three domains of the Foundation. 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 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 site, www.fondationairliquide.com.

STOREBRAND

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

ETHIBEL SUSTAINABILITY INDEX

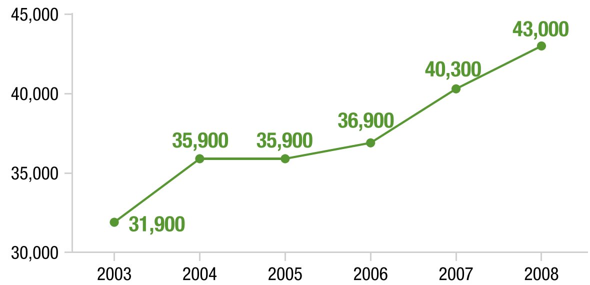
Since 2005, Air Liquide has been included in this indicator, which encompasses 280 companies worldwide leaders in sustainable development, and was selected by VIGEO, the European extra-financial rating agency.

INDICATORS FOR THE GROUP AS A WHOLE

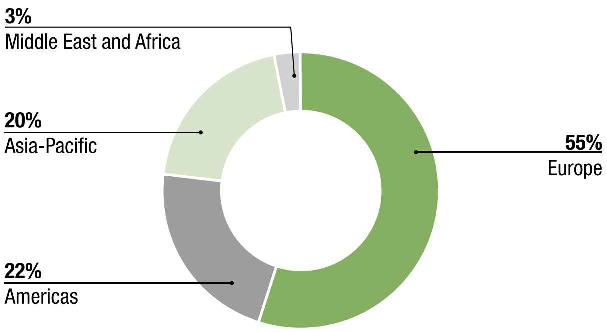
Employees [a]	2003	2004	2005	2006	2007	2008
Group employees	31,900	35,900	35,900	36,900	40,300	43,000
■ Women			8,310	8,670	9,630	10,300
			23%	23%	24%	24%
■ Men			27,590	28,230	30,670	32,700
			77%	77%	76%	76%
Joining the Group [b]						19.2%
Leaving the Group [c]						12.5%
% of employees having resigned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

(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 2007.
(c) Retirement, resignation, lay-offs, departure due to disposals… The percentage is calculated based on the number of employees at the end of 2007.
(d) Calculated based on the number of employees at the end of 2008.

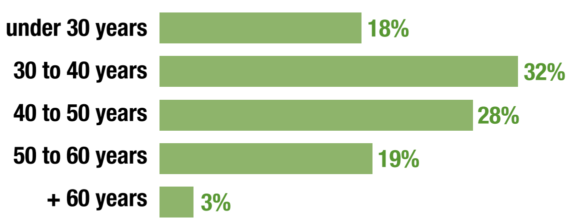
Group employees



Distribution of employees by geographic zone



Group employees by age



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

	2003	2004	2005	2006	2007	2008
Training						
% total payroll allocated to training (approximate)	3%	3%	3%	3%	3%	3%
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
% employees who attended a training program at least once during the year		67%	67%	70%	68%	71%
Remuneration						
% employees with an individual variable share as part of their remuneration	36%	40%	41%	43%	49%	51%
Performance review						
% employees who have had a performance review meeting with their direct supervisor during the year	60%	70%	72%	70%	71%	68%
% of employees who have had a career development meeting during the year with the HR Department				13%	20%	16%
Social performance						
Average seniority in the Group			12 years	12 years	11 years	10 years
% of handicapped employees [(b)]			1.3%	1.3%	1.2%	1.2%
% of employees having access to organized representation/dialogue/consultation			74%	77%	83%	81%
% of employees belonging to a unit at which an internal satisfaction survey was conducted within the last three years [(c)]			56%	71%	64%	58% [(d)]
% of employees with benefits coverage through the Group [(e)]			98%	97%	98%	98%
Employee shareholders						
% capital held by Group employees	0.9%	0.9%	1.2%	1.1%	1.1%	1.0%
% Group employees that are shareholders of L'Air Liquide S.A. (approximate)		Over 40%	60%	50%	50%	Over 40%

(a) Calculated in average number of employees during the year.
(b) For the countries where regulations allow this data to be made available.
(c) Indicator includes units with over 300 employees.
(d) Furthermore, in 2008, each unit conducted a study with its employees on the perception of the management and actions on safety in the Group.
(e) Includes retirement benefits.

Detailed Human Resources information for L'Air Liquide S.A. is in the "Social Report" on the Internet site www.airliquide.com and is available on request.

Parity

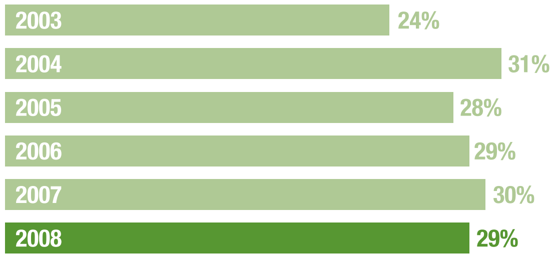
OBJECTIVE

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 five years (2003 to 2008), the percentage of women engineers and managers hired in the Group went from 24% to 29%. In 2008, several countries had already passed the Group's objective of 40%. The percentage of women among employees considered high potential is now 32%. Nine women are now in a position of General Manager of subsidiaries in the Group. In the framework of Air Liquide's policy to encourage the hiring and promotion of women, and to strengthen their place and responsibilities in the company, awareness-raising and exchange days have been organized since 2007 with more than 400 managers.

% of women among engineers and managers



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

The number of training days per person continued to increase in 2008 (3.1 days) and **the objective of three days by 2009 has already been exceeded**. The recent announcement of the creation of the Air Liquide University that will offer, in the longer term, about 20 specific programs ranging from the integration of new employees to leadership is in line with the development of training in the Group.

Average number of days of training 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 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 2008, the percentage of employees who had a meeting with their immediate supervisor was 68%. The percentage of employees who had a career meeting with their Human Resources Department was 16%. The Group's Human Resources Department continues to stress these meetings, which are the "keystone" of the company's human resources policy

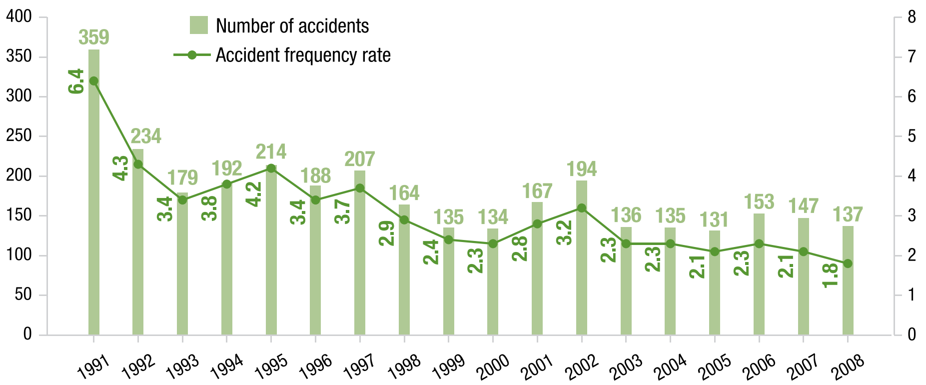
% employees who have had a performance review meeting with their direct supervisor during the year

Safety and the environment

SAFETY INDICATORS FOR THE GROUP AS A WHOLE

Security	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Number of accidents of Group employees (a)	359	234	179	192	214	188	207	164	135	134	167	194	136	135	131	153	147	137
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
Number of accidents of subcontractors and temporary workers (c)																		154 (d)

(a) No fatal accidents in 2008, one in 2007, one in 2006, none in 2005 and one fatal traffic accident in 2004.
(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).



OBJECTIVE

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

ENVIRONMENTAL INDICATORS FOR THE GROUP AS A WHOLE

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

- large air separation units;
- cogeneration units;
- hydrogen and carbon monoxide units;
- acetylene units;
- nitrous oxide units;
- carbon dioxide liquefaction units;

- units in the hygiene and specialty chemical sectors;
- units for welding equipment and products;
- Engineering and Construction units;
- Research and Development centers and technical centers;
- transportation.

In 2008, **the main characteristics regarding energy and environmental indicators** for the Group were:

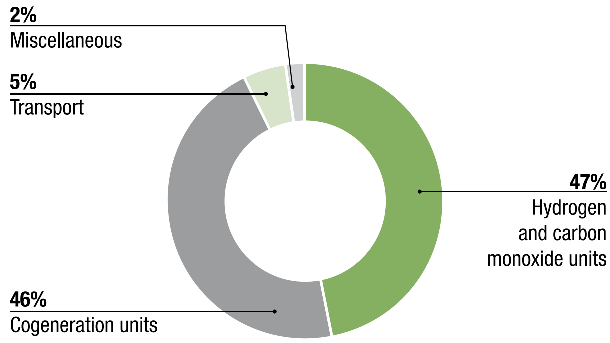
- **Electric energy consumption was stable**, primarily due to reduced activity at the end of the year in Large Industries' air separation units in North America.
- For the same reasons, **energy consumption per m³ of air gas products increased** (cf. monitoring the objective on this subject in the specific paragraph on air separation units).
- **Thermal energy consumption, CO_2 emissions that are mainly linked to water consumption increased** due to the service start-up of a large cogeneration unit in the Netherlands and the growth of hydrogen production related to this product's increased sales. **The energy performance of hydrogen production units continued to improve.**
- Despite the development of cogeneration, **the CO_2 emissions avoided by this activity remained stable** because the content of the primary energies used in the countries where they are located is moving toward fuels that emit less CO_2.
- For the same reasons as well as the stabilization of the Group's electric energy consumption (see above), **the Group's indirect CO_2 emissions were stable**.

MOST RELEVANT ENVIRONMENTAL INDICATORS FOR THE TOTAL OF THE 10 UNIT TYPES (461 SITES OR PRODUCTION UNITS) AND TRANSPORTATION INCLUDED IN THE WORLDWIDE SCOPE

	Scope	2003	2004	2005	2006	2007	2008
Total annual electricity consumption *(GWh)*	World		17,636	20,991	22,281	23,232	23,223
Total annual thermal energy consumption *(LHV Terajoules)*	World		128,357 [(a)]	143,082	155,725	160,033	177,395
Evolution of energy consumption per m³ of air gas produced	**World**	**100.0**	**99.2**	**100.7**	**100.3**	**99.6**	**100.7**
Evolution of energy consumption per m³ of hydrogen produced [(b)]	**World**	**100.0**	**97.1**	**96.1**	**95.5**	**95.5**	**94.3**
Evolution of efficiency of deliveries of liquefied gases (oxygen, nitrogen, argon, carbon dioxide) [(c)]	**World**	**100.0**	**96.1**	**98.0**	**96.3**	**95.1**	**95.9**
Total annual water consumption *(in millions of m³)*	World		44	49	55.6	57.4	59.7 [(d)]
Annual amount of CO_2 emissions avoided by cogeneration and on-site units *(in thousands of tonnes)*	World	-856	-647	-723	-757	-636	-638
Total direct CO_2 emissions into the atmosphere *(in thousands of tonnes)*	World		5,956 [(a)]	7,093	7,668	7,859	8,843 [(e)(f)]
Total indirect emissions of CO_2 generated by the production of electricity purchased externally consumed by the 9 types of production units presented (the cogeneration units are not taken into account because they produce electricity) [(g)] *(in thousands of tonnes)*	World				7,631	7,995	7,952

(a) Modified in 2008 to take into account new consolidation rules concerning hydrogen and carbon monoxide units.
(b) Also includes the quantities of carbon monoxide produced in these units. In 2008, the energy performances were recalculated for the previous years to take into account a greater precision regarding steam produced.
(c) In km per tonne delivered. Base 100 in 2003.
(d) Representing less than 0.5 one-thousandth of the industrial water consumption of the countries under review.
(e) Representing less than 1 one-thousandth of the CO_2 emissions in the countries under review.
(f) When adding nitrous oxide emissions, the total direct emissions of greenhouses gases (GHG) of the Group is 9,014 thousand tonnes of CO_2 equivalent.
(g) Calculation takes into account the primary energy source each country uses to produce electricity (source: International Energy Agency).

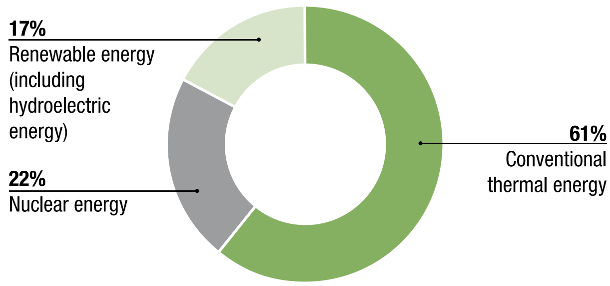
DISTRIBUTION OF TOTAL DIRECT EMISSIONS OF GREENHOUSE GASES (GHG)



Origin of electric energy used

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 energy used:

ORIGIN OF ELECTRIC ENERGY USED [(a)]



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

DETAILS ON INDICATORS FOR EACH OF THE 10 UNIT TYPES, TRANSPORTATION AND WASTE AND BY-PRODUCTS

1. Air separation units

Worldwide, Air Liquide operates **257 large air separation units**. They produce oxygen, nitrogen and argon, with some sites producing rare gases. 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 **2,500 MW** each instant, the equivalent of the production of two nuclear power plants. Their cooling systems require back-up water.

Air separation units	Scope	2003	2004	2005	2006	2007	2008
Annual electricity consumption *(GWh)* [(a)]	World	16,134	16,931	20,179	21,379	22,296	22,235
Evolution of energy consumption per m³ of air gas produced [(b)]	**World**	**100.0**	**99.2**	**100.7**	**100.3**	**99.6**	100.7
Annual back-up water consumption *(in millions of m³)*	World		28	32	34.2	36.2	34.6
Evolution of water consumption per m² of air gas produced [(c)]	**World**		**100.0**	**103.6**	**100.4**	**98.1**	**95.8**
Discharge to water: oxidizable matter *(tonnes/year)*	World		Below 2,000	Below 1,000	Below 500	Below 500	Below 250
Discharge to water: suspended solids *(tonnes/year)*	World		Below 2,000	Below 1,000	Below 500	Below 500	Below 250

(a) *Including small volumes of purchased steam.*
(b) *Gases produced (oxygen, nitrogen, argon) calculated in m³ of equivalent gaseous oxygen. Base 100 in 2003.*
(c) *Excluding the energy consumption of units with open cycle water cooling system. Base 100 in 2004. The scope of this indicator was specified in 2008 and the data of previous years was consequently recalculated.*

Evolution of energy consumption per m³ of gas produced in the air separation units.

OBJECTIVE

To reduce, within five years (2005 to 2009, the Group's annual world consumption of electrical energy by air separation unit, 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 the emission reduction of 140,000 tonnes of CO_2 per year.

MONITORING THE OBJECTIVE

In 2005, the Group did not progress in this area (evolution of -168 GWh) due to problems in the United States related to hurricanes. In 2006 and 2007, the Group progressed by 79 GWh and 209 GWh respectively, for a net reduction of 120 GWh for the three years, 2005-2007.

Through the first three quarters of 2008, the Group was improving efficiency at a rate that would have resulted in a decrease in energy consumption of 186 GWh for the year. This would have led to a reduction of 306 GWh for the first four years of the five-year program. However, the fourth quarter of 2008 was difficult: the significant downturn in the economy and in industrial production forced the Group to operate plants below their economically optimal conditions to supply customers that were operating at reduced capacities. The effect was profound, not only erasing the gains from the previous three quarters of 2008, but also the gains from the previous three years and cumulatively presented a decline of 167 GWh compared to 2004 going back to the level of 2005.

In spite of this setback, the Group remains dedicated to reducing the environmental footprint from its operations by reducing the energy needed to produce its products and it continues to invest in energy efficiency programs.

2. Cogeneration units

Worldwide, Air Liquide operates **18 cogeneration units**. They produce steam and electricity simultaneously much more efficiently – 15 to 30% – than units that generate steam and electricity separately, which results in major savings in fossil fuels. They consume natural gas and water, most of which is converted into steam for the 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. Combustion of natural gas gives off carbon dioxide (CO_2) and produces some nitrogen oxide (NOx) emissions, but practically no sulfur oxide (SOx) emissions.

These units replace steam and electricity production units that would have produced more CO_2 emissions. Cogeneration units therefore help reduce CO_2 emissions in the industrial basins they supply. In 2008, the Group's cogeneration units **avoided 575,000 tonnes of carbon dioxide emissions being discharged into the atmosphere**.

The year 2008 was marked by the service start-up of a large new unit in the Netherlands for a customer in the Rotterdam industrial basin, which explains the growth in thermal energy and water consumption. This unit replaces former customers plants and contributes to reducing the emissions of this industrial basin.

Despite this development, the CO_2 emissions avoided by the cogeneration units have remained stable because the content of primary energies used in the countries where they are located is moving toward fuels that emit less carbon.

Cogeneration units	Scope	2003	2004	2005	2006	2007	2008
Annual natural gas consumption (or thermal energy) *(LHV Terajoules)*	World	71,464	74,065	67,474	68,584	64,685	74,168
Annual quantities of CO_2 atmospheric emissions prevented through cogeneration [a] *(in thousands of tonnes)*	World	-856	-647	-666	-693	-573	-575
Air emissions: CO_2 (carbon dioxide) *(in thousands of tonnes)*	World	3,930	4,155	3,785	3,848	3,629	4,161
Air emissions: NOx (nitrogen oxides) *(in tonnes)*	World	4,050	2,060	2,350	2,630	2,300	2,700
Air emissions: SOx (sulfur oxides) *(in tonnes)*	World	Below 100	Below 100	Below 100	Below 100	Below 50	Below 50
Annual water consumption *(million m³)*	World	10	7.9	7.9	8.7	7.9	11.5

(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 **38 large hydrogen and carbon monoxide production units**. They also produce steam for certain customers. Desulfurization of hydrocarbons to produce sulfur-free fuels is one of the main applications for hydrogen. In 2008, the hydrogen Air Liquide supplied to refineries throughout the world resulted in **savings of about 770,000 tonnes of sulfur oxide emissions discharged into the atmosphere**, which is greater than all the sulfur oxide emissions from a country like France. An important application for carbon monoxide is plastics manufacturing.

Natural gas is the main raw material used in these production units, along with certain amounts of "process" water. These units emit carbon dioxide (CO_2) and lead to nitrogen oxides (NO_x) emissions but produce practically no sulfur oxides (SO_x). They also consume electricity and their cooling systems require back-up water.

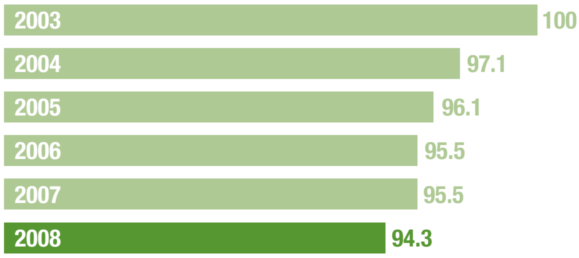
Growth in hydrogen production in 2008 is notably explained by the service start-up of a large unit in Antwerp, Belgium, incorporated into the hydrogen pipeline network in northern Europe.

Energy efficiency of these units per m³ of gas produced has improved by about 5% over five years

Hydrogen and carbon monoxide units	Scope	2003	2004	2005	2006	2007	2008
Annual thermal energy consumption *(LHV Terajoules)*	World		54,021 [a]	75,380	86,699	94,880	102,717
Annual electricity consumption *(GWh)*	World		375	435	507	512	518
Evolution of energy consumption per m³ of gas produced [b]	**World**	**100.0**	**97.1**	**96.1**	**95.5**	**95.5**	**94.3**
Air emissions: CO_2 (carbon dioxide) *(in thousands of tonnes)*	World		1,789 [a]	2,895	3,389	3,795	4,226
Air emissions: NOx (nitrogen oxides) *(in tonnes)*	World		Below 1,000	700	800	950	860
Air emissions: SOx (sulfur oxides) *(in tonnes)*	World		Below 500	Below 500	Below 500	Below 250	Below 250
Annual consumption of process and back-up water *(in million m³)*	World		5	5.3	9.6	9.8	10.6
Discharge to water: oxidizable matter *(in tonnes)*	World		Below 50	Below 100	Below 100	Below 100	Below 200
Discharge to water: suspended solids *(in tonnes)*	World		Below 500	Below 500	Below 500	Below 500	Below 1000

(a) Modified for the 2008 reporting to take into consideration the new consolidation rules adopted.
(b) Hydrogen and carbon monoxide. Base 100 in 2003. In 2008, the energy performances were recalculated for the previous years to take into account a greater precision in the evaluation of produced steam.

EVOLUTION OF ENERGY CONSUMPTION PER M³ OF GAS PRODUCED IN HYDROGEN AND CARBON MONOXIDE UNITS



4. Acetylene production units

Worldwide, Air Liquide operates **50 acetylene production units** (a gas used mainly in welding and metal cutting). They produce the gas through the decomposition of a solid - calcium carbide - using water. This process produces lime, which is generally recycled (at around 90%) in industrial and agricultural applications (cf. paragraph on waste).

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

(a) Mainly loss of acetylene into the atmosphere.

5. Nitrous oxide production units

Worldwide, Air Liquide operates **12 nitrous oxide production units**. Nitrous oxide is used exclusively as an anesthetic gas in medicine and as sweetening agent in the food industry. It is produced from ammonium nitrate in solid form or as a solution in water. The cooling circuits of these units require back-up water.

Nitrous oxide units	Scope	2004	2005	2006	2007	2008
Annual electricity consumption *(GWh)*	World	6	6	7	6	6
Annual water consumption *(in million m^3)*	World	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
Estimate of loss of nitrous oxide into the atmosphere *(in tonnes)*	World	800 [a]	800 [a]	800 [a]	780	550 [b]

(a) Estimate for the years 2004 to 2006.
(b) Corresponding to the equivalent of 171,000 tonnes of CO_2.

6. Carbon dioxide liquefaction units

Worldwide, Air Liquide operates **53 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. Carbon dioxide is most often a by-product 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 the process.

Carbon dioxide liquefaction units	Scope	2004	2005	2006	2007	2008
Annual electricity consumption *(GWh)*	World	306	353	320	340	375
Annual water consumption *(million m³)*	World	1.8	1.9	1	1.2	1.3
Discharge to water: oxidizable matter *(in tonnes)*	World	Below 100	Below 100	Below 50	Below 50	Below 50
Discharge to water: suspended solids *(in tonnes)*	World	Below 100	Below 100	Below 50	Below 50	Below 50

7. Hygiene and specialty chemical production units

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

Hygiene and chemical specialty units	Scope	2003	2004	2005	2006	2007	2008
Annual electricity consumption *(GWh)*	World	17	18	18	18	20	22
Annual thermal energy consumption *(LHV Terajoules)* [(a)]	World	217	271	228	245	245	274
Air emissions: CO_2 (carbon dioxide) *(in thousands of tonnes/year)*	World	13	12	9	9	9	10
Air emissions of volatile organic compounds (VOC) *(in tonnes)*	World					320	250
Annual water consumption *(million m³)*	World	1	0.6	0.5	0.5	0.5	0.6
Discharge to water: oxidizable matters *(in tonnes)*	World	Below 1,000	Below 1,000	Below 1,000	Below 1,100	Below 1,000	Below 1,000
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 **14 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
Annual electricity consumption *(GWh)*	World	38	36	39
Annual thermal energy consumption *(LHV Terajoules)*	World	197	223	218
Air emissions: CO_2 (carbon dioxide) *(thousands of tonnes)*	World	11	13	12
Annual water consumption *(million m³)*	World	1.1	1.2	0.5
Annual consumption of raw materials *(thousands of tonnes)* [(a)]	World		150	170

(a) Metals and materials for the production of welding products.

9. Engineering and Construction units

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

Engineering and Construction units	Scope	2007	2008
Annual electricity consumption *(GWh)*	World	11	10
Annual water consumption *(million m^3)*	World	0.1	0.1
Annual consumption of raw materials *(thousands of tonnes)* [(a)]	World	7.2	7.7

(a) Mainly metals.

10. Principal Research and Development centers and technical centers

The **principal Research and Development centers and technical centers** are located on five **sites** in France, the USA and Japan.

Although these centers' environmental impact is very low compared to other Group entities, with a concern for exhaustiveness of the reporting and exemplarity, it was nevertheless decided to present their environmental impact.

Research and development centers and technical centers	Scope	2008
Annual electricity consumption *(GWh)*	World	8
Air emission: CO_2 *(in thousands of tonnes)*	World	1
Annual thermal energy consumption *(LHV Terajoules)*	World	18
Annual water consumption *(in million m^3)*	World	0.02

11. Transportation

In 2008, trucks delivering Air Liquide liquid gases or gas cylinders traveled **395 million kilometers** throughout the world and emitted about **433,000 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 58 million extra kilometers** traveled by trucks and therefore the emission of **63,000 tonnes** of carbon dioxide. **The efficiency of the deliveries** of liquefied gases (oxygen, nitrogen, argon, carbon dioxide) measured in kilometers traveled per tonne **has been improved by nearly 4% since 2003**, corresponding to **a reduction in CO_2 emissions of about 18,000 tonnes a year.**

Supplying large customers via pipeline from the Group's production units also limits 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, **84% of deliveries are made via pipeline or through on-site units. As a result, only 16% of all air gases or hydrogen are delivered by trucks**.

	Scope	2003	2004	2005	2006	2007	2008
Kilometers traveled by all vehicles delivering gas in liquid or cylinder form *(in millions of km)*	World	303	325	369	375	377	395
Estimate of CO_2 emissions generated by these vehicles *(in thousands of tonnes)*	World			404	411	413	433
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**
Estimate of truck transport kilometers avoided through on-site customer units *(in millions of km)*	World	-55	-54	-56	-60	-59	-58
Estimate of CO_2 emissions avoided by these on-site units *(in thousands of tonnes)*	World			-57	-64	-63	-63
Percentage of deliveries of air gases and hydrogen via pipeline or on-site	World			84% [(b)]	85%	84%	84%

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

EVOLUTION OF THE EFFICIENCY OF DELIVERIES LIQUEFIED GASES OVER THE PAST SIX YEARS (IN KM PER TONNE DELIVERED. BASE 100 IN 2003)

12. Waste and by-products

The main waste and by-products produced by the Group's production units are lime from the acetylene production units, metal waste, oils, paints and solvents.

Although the quantity of waste and by-products produced is small, with a concern for exhaustiveness of the reporting and exemplarity, it has nonetheless been decided for the first time to publish the following figures.

Waste and by-products *(in tonnes)*	**Scope**	**2008**
■ Annual quantity of lime produced (extracted dry equivalent) by the acetylene production units [(a)]	World	47,000
Recycling rate	World	Over 90%
■ Metal waste [(a)]	World	9,400
Recycling rate	World	Over 99%
■ Oils	World	660
Recycling rate	World	88%
■ Paints and solvents	World	210
Recycling rate	World	8% [(b)]

(a) Non dangerous metal waste.
(b) In addition, 71% are incinerated.

"CARBON CONTENT" OF AIR LIQUIDE'S MAIN PRODUCTS IN 2008

Taking into account the characteristics of supplying factories with electricity and natural gas, Air Liquide has built a model [(a)] calculating the "carbon content" of the Group's main products in certain countries in which it has a strong presence. This therefore concerns oxygen, nitrogen, and hydrogen delivered via pipeline, oxygen and nitrogen delivered in liquefied form and oxygen delivered in pressurized cylinders. These figures include both direct and indirect emissions (electricity), those connected to production, filling and also transportation.

The figures on the next page show 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, electricity production units use very little coal (which emits a great deal of CO_2), unlike in Germany, the USA and Japan.

"CARBON CONTENT" OF AIR LIQUIDE'S MAIN PRODUCTS IN 2008 (gCO_2/Nm^3 [b])

		France	USA	Germany	Japan
Oxygen	Oxygen via pipeline [c]	63	225	260	307
	Liquid oxygen	133	412	468	556
	Oxygen in cylinders [d]	452	612	771	[e]
Nitrogen	Nitrogen via pipeline [c]	21	74	86	101
	Liquid nitrogen	94	274	309	368
		Belgium	**USA**		
Hydrogen	Hydrogen via pipeline [f]	617	670		

(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 the different energy sources that Belgium, France, Germany and Japan use to produce electricity (source: International Energy Agency). In the USA, the calculation of indirect emissions takes into account the data from the main electricity production units that supply Air Liquide.
(b) $Nm^3 = m^3$ of gas at atmospheric pressure at 0 °C.
(c) At 40 bar, pressure standard for these pipelines.
(d) At 200 bar, pressure standard for cylinders.
(e) Not available.
(f) At 100 bar, pressure standard for these pipelines.

INDUSTRIAL MANAGEMENT SYSTEM (IMS) AND QUALITY AND ENVIRONMENTAL CERTIFICATION INDICATORS

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 and 2008, 36 entities were audited, i.e., **81%** 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) and ISO certification. ISO 9001 quality certifications cover about 75% of the Group's revenue. The Group has also undertaken a proactive approach to preserving the environment by obtaining ISO 14001 certifications, an international benchmark in the environment.**These ISO 14001 certifications now cover about 24% of the Group's revenue.**

In %	Scope	2004	2005	2006	2007	2008
Estimate of the Group subsidiary revenue concerning the effective implementation of **IMS** in the field	World				46%	81%
Estimate of Group subsidiary revenue covered by an **ISO 9001** quality certification	World	65%	67%	73%	73%	75%
Estimate of Group subsidiary revenue covered by an **ISO 14001** environmental certification	World	14%	15%	22%	24%	24%

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, 17 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 applies, 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 on December 17, 2008.

EUROPEAN REACH REGULATIONS

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) is a set of European Union regulations (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.

These regulations went into effect 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, only less than 10% of the Group's revenue is concerned by REACH.

Innovation

Innovation is an integral part of the Air Liquide culture and is one of the fundamental 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 date of the Group's foundation in 1902, the Group's units celebrate an Innovation Day during which the main innovations developed during the year are exhibited.

60% of the Group's R&D budget is devoted to work on life, the environment and sustainable development (energy efficiency, cleaner production processes and new energies).

INDICATORS FOR THE GROUP AS A WHOLE

Innovation	2008
Budget	224 million euros
Number of researchers	1,000 researchers with more than 25 nationalities
Number of research centers	8
Industrial partnerships	Over 100
Academic collaborations	Over 120 with universities and research institutes
Number of inventions patented	2,640

Patents	2003	2004	2005	2006	2007	2008
New inventions patented during the year	236	225	236	267	263	257
Patents filed directly in the Group's four main zones of operations [(a)]	105	109	103	108	152	129

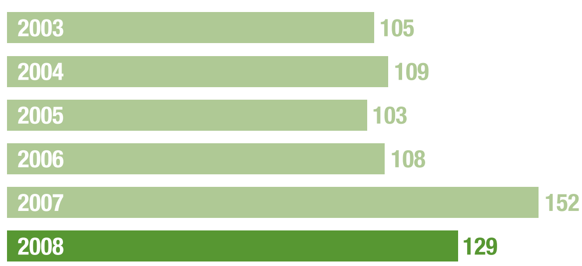
Number of patents [(a)] filed in the Group's four main presence zones (Europe, the United States, Japan and China)

OBJECTIVE

To disseminate innovations within the Group and recognize innovators. Within five years (2005-2009), and in the largest number of areas, to file over 500 new patents, valid directly in the Group's four main zones of operations: Europe, the United States, Japan and China [(a)].

MONITORING THE OBJECTIVE

In 2005, 2006, 2007 and 2008 with respectively 103, 108, 152 and 129 patents filed in these four zones, the Group is definitely in line with its objective in this area.



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

Corporate Governance

Report from the Chairman of the Board of Directors

(approved by the Board of Directors on February 13, 2009)

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

As of December 31, 2008, the Board of Directors is comprised of twelve members appointed by the General Shareholders' Meeting, including five foreign members (German, English, Dutch, American). A director's term of office is four years. Renewals are staggered. In keeping with the Air Liquide tradition, the Board of Directors has elected since May 2006 to assign the role of Chief Executive Officer to the Chairman mainly so as to promote a close relationship between its executive managers and shareholders.

CODE OF CORPORATE GOVERNANCE

Following the October 2008 publication of the AFEP/MEDEF Recommendations on the remuneration of executive officers of companies whose shares are traded on a regulated market, the Board of Directors, at its meeting of November 14, 2008, confirmed that, in keeping with the Group's previous practices, the AFEP/MEDEF Code of Corporate Governance for listed companies would be the Code to which the Company would agree to voluntarily refer. This decision was made public on the same day. The updated December 2008 version of this code is available on the site http://www.medef.fr/("corporate governance" section).

At its meeting in February 2009, the Board of Directors reviewed each of the aforementioned Recommendations as included in the Code of Corporate Governance of December 2008 with regard to the Company's current practices and acknowledged that the Company already complied with most of the recommendations.

The Board of Directors, however, recommended amending certain provisions prevailing within the Company, mainly with regard to the concurrent holding of an employment contract and corporate office by the Chairman and Chief Executive Officer, termination indemnities and the allocation of stock options to corporate officers. The decision was also made to adopt the rules of transparency and of shareholder information recommended in the Code of Corporate Governance.

The measures adopted to properly align the Company's corporate governance practices with the AFEP/MEDEF Recommendations 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 with regard to the professional ethics of directors, the composition, the role and the rules of functioning of the Board and its committees are essentially set 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 October 2008.

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 pursued (for the review made of some of these rules in 2008, see the section on "The Board's Work in 2008 – Amendment to the rules governing the composition of the Board" below).

INDEPENDENCE OF BOARD MEMBERS

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 spirit, 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."

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 5 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 2008, 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, 2008, the following members are independent: Beatrice Majnoni d'Intignano, Lindsay Owen-Jones, Thierry Desmarest, Cornelis van Lede, Gerard de La Martiniere, Rolf Krebs, Thierry Peugeot, Karen Katen and Paul Skinner. Thus, nine of the twelve members of the Board of Directors are independent as of December 31, 2008.

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 executive 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 of 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 the Senior Executive Vice-Presidents, presents to the Board of Directors a quarterly report on the Company's management, 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 and 2005, the functioning of the Board of Directors and its committees was evaluated in 2007 and measures were adopted to meet the expectations expressed by directors.

A new questionnaire was prepared in 2008 to enable directors to assess measures implemented and make new comments, where necessary. The summary of the responses revealed a certain level of satisfaction with regard to the measures implemented, particularly regarding the presentation of strategy to the Board and the provision of information to Board members between meetings based on the monthly transmission of a binder containing press articles and analysts' reports on Air Liquide and its environment. It also revealed the directors' wishes to increase the Finance function representation in the Board's composition, given its current balance, or to remind directors of the possibilities of training offered to them.

Furthermore, the Audit and Accounts Committee assessed its operations in 2008 (see "The Audit and Accounts Committee's work in 2008" below).

THE BOARD'S WORK IN 2008

In 2008, the Board of Directors met seven times with an effective attendance rate or attendance rate by telephone of 96.4%.

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 2008 of one bonus share for every ten shares held;
- reviewing the **minutes** of **Committee** meetings;
- making **decisions**, in particular with respect to the investments necessary for the Group's development, authorization of specific projects, corresponding growth of financing capacity, the share buyback program, cancellation of shares, the stock options program, the conditional grant of shares to employees plan decided for the first time in 2008 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 Shareholders' Meeting** (agenda, draft resolutions, annual management report, 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 **shareholding policy** (February, March and November) and the **development of employee share ownership** (February, May, June and August), the **Group growth strategy** (November) **with particular focus on development in the Asia-Pacific region** (June), **financial policy** (June), **financial management in times of crisis** (November) and the **rules of corporate governance** (November).

Corporate governing bodies

Code of corporate governance

The Board of Directors examined the AFEP/MEDEF Recommendations of October 2008 regarding the remuneration of executive officers of listed companies and decided that the Company would refer to the AFEP/MEDEF Code of corporate governance for listed companies. The decision was also made 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, in order to improve compliance with the aforementioned Recommendations.

Concerning Executive Management:

APPOINTMENTS

In May 2008, the Board of Directors renewed the term of office of Klaus Schmieder and extended the term of office of Pierre Dufour as Senior Executive Vice-Presidents, increasing the duration from one to three years.

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

The employment contract of Benoît Potier has been suspended since May 10, 2006, the date of his appointment as Chairman and Chief Executive Officer of L'Air Liquide S.A. Hence, since that date, Benoît Potier has received all his compensation as a corporate officer. He is also eligible in this capacity for the supplementary pension schemes and death, disability and related benefits scheme applicable to the Company's managers and senior executives as well as the unemployment insurance covering company managers and corporate officers subscribed by the Company.

At its meeting on February 13, 2009, the Board of Directors, in agreement with Benoît Potier, confirmed its agreement in principle as to the termination of Benoît Potier's employment contract that will become effective at the latest, pursuant to AFEP/MEDEF Recommendations, at the time of the renewal of his terms of office in 2010. The terms and conditions of this termination will be analyzed between now and then as part of a more general thought process to take into account the consequences arising from the termination of this contract. This decision was made public by a statement published on the Company's website on February 18, 2009.

REMUNERATION

The Board determined the remuneration policy applicable to the members of Executive Management and examined this policy with regard to the AFEP/MEDEF Recommendations of October 2008. This policy includes:

- a **short-term component** systematically compared with the practices of other similar companies, comprising a fixed portion and a variable portion. The fixed portion relates to the level of responsibility and experience in the management position and the variable portion in 2008 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. This variable portion includes three components: two quantified components that, for fiscal year 2008, represent a majority share of the variable remuneration, including one based on the growth of net earnings per share and the other on the return on capital employed after tax (ROCE), and a third component based on individual quality objectives, taking into account, in 2008, factors such as the Group's continued development, particularly in emerging economies, the implementation of 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. At its meeting on February 13, 2009, the Board assessed the performance of members of Executive Management. The results obtained in 2008 exceeded the net earnings per share and ROCE objectives. After evaluation of the performance of each manager in relation to their personal objectives, which was considered as good, the variable remuneration for 2008 was set at 146% of fixed remuneration for Benoit Potier, 112% for Klaus Schmieder and 117% for Pierre Dufour (these percentages have been rounded off). The Board also determined the fixed remuneration and the principles applicable to the variable portions of Benoit Potier, Klaus Schmieder and Pierre Dufour for 2009, particularly taking into account the general economic background (see details on page 85);

- a **long-term incentive** by granting share subscription options. The granting of stock options is examined with respect to the total annual compensation of the executive officer by taking into account several external market surveys and respecting the interest of shareholders. Examined by the Remuneration Committee, the allocation is determined at the same time as the allocation plan for Group employees by the Board of Directors and conducted as part of annual plans, approved at pre-defined periods (in May in principle, postponed until July in 2008 for securities law and stock market regulation requirements), in the form of share subscription options granted without a discount. As from fiscal year 2009, and in accordance with the AFEP/MEDEF Code of corporate governance for listed companies, the stock options allocated to executive officers will be subject to performance conditions and limited to a certain percentage of the executive officer's compensation and the total amount voted by the Extraordinary Shareholders' Meeting, according to the terms which will be defined by the Board of Directors on the grant date (in principle during the May 2009 meeting).

  Finally, at its meeting of February 13, 2009, the Board of Directors 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 3 days after this date.

- **other conditions governing the terms of office** of senior executives.

  Benoît Potier, Klaus Schmieder 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 (see full description on page 90). For better compliance with the October 2008 AFEP/MEDEF Recommendations, the Board of Directors has decided to introduce a condition providing for a minimum length of service of three years, in order for this defined benefit plan to become applicable to an executive officer. This seniority requirement is applicable as from 2009 to any new potential beneficiary of the plan.

  Benoît Potier, Klaus Schmieder 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). Following the Board of Directors' decision of February 13, 2009, and pursuant to the AFEP/MEDEF Recommendations, these commitments were limited to forced departures related to a change of strategy or a change in control. From now on, they may not exceed 24 months of fixed and variable remuneration for any executive officer of Air Liquide (this amount including any statutory indemnities, indemnities provided for in the collective bargaining agreement or non-competition indemnities due on account of termination of the employment contract, where applicable). These commitments remain subject to unchanged performance conditions. The amount of the indemnity will be adjusted according to the rate of achievement of such conditions, on the basis of a formula reviewed by the Board (see details on pages 93 and 94). Considering the young age of the Company's executive officers and to take into account the current changes in regulations governing the retirement age, the Board of Directors decided to postpone until a later date the study of a rule regarding the degressive nature of these indemnities when the person concerned is rapidly able to claim his pension entitlements. The commitments, amended by the Board of Directors at its meeting on February 13, 2009 as mentioned above in accordance with the procedure applicable to regulated agreements, shall be submitted to the vote of the Shareholders' Meeting of May 7, 2009 as part of a specific draft resolution for each executive officer. The Board of Directors' decisions of February 13, 2009 can be consulted on the Company's website since February 18, 2009, in accordance with the TEPA law.

  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.

  Benoît Potier, whose employment contract was suspended upon his appointment as Chairman and CEO in 2006, is entitled to the **unemployment insurance for corporate managers and executives.** He also benefits **from an indemnity to compensate for the loss of pension rights,** subject to performance conditions, awarded by the Board of Directors on February 14, 2008 and approved by the Shareholders' Meeting of May 7, 2008 under the procedure applicable to regulated agreements. The Board of Directors did not consider it appropriate to terminate this benefit for the time being due to the difficulty in measuring the consequences of the loss that would result for Benoît Potier should his entitlement be cancelled. This right had been granted to Benoît Potier, when he was appointed as Chairman of the Management Board in November 2001, to take into account the very specific situation of a young man who had spent his entire career with the company being given top management duties. From the outset, this benefit was granted by the Board of Directors and approved by the Shareholders' Meeting under the procedure applicable to regulated agreements. This decision may be reviewed as part of a more general study.

See 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 on pages 90 to 95 of this document and in the special Auditors' Report on page 231.

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 for listed companies 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 will be made public after the Board's meeting during which they are approved. The decisions taken with regard to this issue by the Board of Directors' meeting on February 13, 2009 were made public by a statement published on the Company's website on February 18, 2009.

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 July 2008 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 each 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 Shareholders' Meeting of May 7, 2008, the Board of Directors proposed to renew the term of office of Rolf Krebs and appoint two new directors: Karen Katen and Jean-Claude Buono. The Board decided that at this date Paul Skinner would be appointed as a member of the Audit and Accounts Committee while the term of office of Rolf Krebs within this committee would be renewed.
- The Board proposes to renew the terms of office of Alain Joly, Thierry Desmarest and Thierry Peugeot which are due to expire at the Shareholders' Meeting of May 7, 2009 and has taken due note of Sir Lindsay Owen-Jones' decision not to seek the renewal of his term of office.

Amendment to the rules governing the composition 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 proportion of directors over the age of 68 for a given fiscal year should not exceed 50%. As far as possible, the Board of Directors shall make sure when proposing appointments that no more than 3 terms of office expire during the same fiscal year. Finally, the Board of Directors decided to limit the number of other corporate offices that a Company director may hold in a 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.

REMUNERATION

- The Board decided to maintain for 2008 the same formula adopted in 2007 for distributing directors' fees within the budget authorized most recently by the Shareholders' 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 (see breakdown on pages 87 and 88).

APPRAISAL

- In 2008, the Board assessed the proposed measures resulting from the most recent appraisal of its operations.
- A summary assessment of the Audit and Accounts Committee's operations conducted by the committee members was submitted to the Board.
- 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, 2008, 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 (Commission des Operations de Bourse) and former member of the Management Board and General Director of Finance, Control 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 COMPANY'S 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 Departments;
- the Internal Audit 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 in principle 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 2008

The Audit and Accounts Committee met four times with an effective attendance rate of 87.5%.

- 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 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.
- In addition, **specific presentations** were made to the Committee on the following matters: organization of the Finance Department (February), risk and internal control management (June), management of Engineering and Construction projects following the Lurgi acquisition (June), the finalization of the Opéra project (June), risk monitoring (purchase-indexing) in Energy (June), consideration of behavioral risk in the Human Resources policy (August), the impact of the financial crisis on Air Liquide (November), pensions (November), central treasury internal control review (November), litigation/tax risks (November), promotion of awareness regarding compliance with antitrust rules (November), the new efficiency program (November) and IFRS 8.
- Finally, the Committee conducted an **assessment of its operations** which revealed a high level of satisfaction among its members, particularly with regard to information received or their relationship with other functions. On this occasion, the Committee was able to verify that its operating rules comply with the provisions of Article L. 823-19 of the French Commercial Code introduced by the Ordinance of December 8, 2008. In the context of a changing environment, particularly in terms of risk management, the Committee wanted its role to be clarified by the Board of Directors.

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, a member of Executive Management, the Chief Financial Officer, the Chief Internal Auditor and the Group executives who will make presentations to the Committee. During the meeting, presentations given 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. An oral, 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 for listed companies. However, this is performed by the Committee Chairman several days prior to the Board's meeting as part of the aforementioned preparatory meeting.

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

The Appointments Committee

As of December 31, 2008, the Appointments Committee had four members: Lindsay Owen-Jones, Chairman of the Committee, Alain Joly, Thierry Desmarest and Cornelis van Lede. Of the four Committee members, three are independent. The Chairman is independent.

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

The Appointments 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 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 in principle twice 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 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 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).

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 2008

The Appointments Committee met three times in 2008 with an effective attendance rate or attendance rate by telephone of 100%.

The Committee heard reports on the Executive Management team's operations since the appointment of Pierre Dufour in November 2007. The Committee recommended that the Board of Directors extend the term of office of Senior Executive Vice-Presidents from one to three years.

The Committee reviewed the guidelines governing the Board's composition 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. These new principles approved by the Board of Directors are part of the amended internal regulations.

The Committee contributed to the assessment of the Board's operations (updating of the questionnaire, review of the summary of responses and recommendations).

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

The Remuneration Committee

As of December 31, 2008, the Remuneration Committee had four members: Lindsay Owen-Jones, Chairman of the Committee, Alain Joly, Thierry Desmarest and Cornelis van Lede. Of the four Committee members, three are independent. The Chairman is independent.

COMPOSITION AND PURPOSE AS DEFINED IN THE COMPANY'S 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 decisions made by Committee meetings relating to him personally. The Committee meets in principle twice 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 share 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 (Executive Committee);
- examine the proposals by Executive Management concerning the granting of share 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 2008

The Remuneration Committee met four times in 2008 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 2008, 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 2009 (for more information see pages 85 and 86). 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 (formulas and frequency of share capital increases reserved for employees, voluntary savings under the Group Share Purchase Plan in France, etc.) and recommended that the classic transaction involving a share capital increase reserved for employees be implemented.

The Committee reviewed reports on the medium/long-term incentive scheme. It recommended the set-up of a Conditional Grant of Shares to Employees (CGSE) and reviewed the plan regulations. It proposed performance criteria governing the definitive allocation of the shares. At the same time, the Committee reviewed the 2008 stock option plan and examined the list of the beneficiaries.

The Committee reviewed the AFEP/MEDEF Recommendations of October 2008 on the remuneration of executive officers of listed companies and recommended that the Company refer to the AFEP/MEDEF Code of corporate governance for listed companies when preparing its Annual Report. Having reviewed these recommendations in relation to current practices, the Committee identified the areas for which compliance measures could be undertaken, primarily the concurrent holding of an employment contract and a corporate office by the Chairman and Chief Executive Officer, termination indemnities and the granting of stock options, and prepared recommendations accordingly.

The Committee made recommendations regarding the amount of directors' fees to be allocated in 2008 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 249 to 255 of this Reference Document).

ELEMENTS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFER

In accordance with Article L. 225-37 of the French Commercial Code, the elements likely to have an impact in the event of a public offer are set out and explained pursuant to Article L. 225-100-3 of the French Commercial Code on page 258 of this Reference Document.

Internal control and risk management procedures instituted by the Company

The Internal Audit Department 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, Internal Audit, Strategic 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 AMF:

- The analysis conducted in 2007 by 18 major Group entities in order to assess the appropriateness of their internal control system in relation to the reference framework was extended in 2008 to 57 entities. For 22 of these entities, this included a review of the scope and traceability of the operating controls implemented in certain key business cycles.

  All of these analyses gave rise to improvements, where necessary.
- The improvements adopted in 2007 were monitored in 2008 by the main control departments* which reported their findings to Executive Management.

INTERNAL CONTROL OBJECTIVES

In 2006, the Company formalized "Principles of Action", which form the basis of the internal control system within the Group.

These "Principles of Action" reaffirm for each major area (shareholders, customers, employees, etc.) the Group's values, identify the main policies and specify the key indicators used to measure their correct assimilation by the various organizations.

The Group policies rely on standards, charters or rules, and may also include practices. 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 Group's internal control system aims to ensure that:

- its activities and conduct of its members:
  - comply with laws and regulations, internal standards and applicable best practices and 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 2008, the Group continued its measures to improve the quality of internal control, with in particular:

- the update and development of certain Group policies (systems access management policy, human resources policy, etc.);
- the monthly meetings of the Engineering Risk Committee, set up in 2007 and chaired by a member of the Executive Committee, in order to assess and supervise commitments in the most significant Engineering projects;
- the definition of organizational principles backed by the set-up of an IT Executive Committee. This committee chaired by a member of Executive Management is responsible for supervising the strategic decisions made with regard to information systems;
- the appointment of a Group Ethics Director in order to reinforce ethics awarness initiatives and fraud prevention and treatment processes;
- the continued implementation of codes of conduct in new entities, mainly in Europe (AL Iberica, AL Belux Industrial Merchant and Healthcare, Seppic France) and Asia (AL Philippines, AL Indonesia). These codes were developed using a common framework outling the Group's primary ethical rules and values;
- the half-yearly meeting chaired by Executive Management and bringing together the Group's main control departments in order to summarize the improvements made with regard to internal control and risk management.

* *Legal, Strategic Control, Finance and Administration and Internal Audit Departments.*

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;
- Worldwide Business Lines that:
  - present medium-term strategic objectives 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") 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 **Strategic Control Department**, which monitors objectives on the basis of budgetary statements built up from accounting reporting;
- the **Finance and Administration Department**, which ensures:
  - the reliability of accounting and financial information,
  - Group financial risk management;
- the **Internal 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 followed by the Audit and Accounts Committee itself.

  The Internal Audit Department largely 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 under the supervision of a member of the Executive Committee.

  The audit reports, as well as subsequent follow-up reports, are the subject of various direct communications and discussions between the Internal Audit Department and the Company's Statutory Auditors;
- the **Legal Department**, which identifies legal risks, issues internal guidelines and codes, and then oversees 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 power related to commitments and payments for commercial operations (sales or purchases);
- from Executive Management to certain executives in charge of industrial sites, 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 being in accordance 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.

Within this context, the Group continued in 2008 to document its risk management policy, which is supported by:

- the identification of the different forms of risk encountered by the Company during the pursuit of business activity (assessed according to both potential damage and probability of occurrence);
- the implementation of certain procedures and controls to manage these risks along with measures to mitigate potential financial impacts;
- the regular review of this risk management policy by General Management, which, in turn, provides regular updates to the Audit Committee and the Board of Directors.

CONTROL ACTIVITIES

Control activities aim to ensure the proper implementation and compliance of internal control procedures, and depend on the 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 practiced through the specific follow-up of the authorizations granted;
- a comparative analysis of investment profitability (for the most significant) **prior to, and subsequent to, their execution**.

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).

At the end of 2008, the IMS was rolled out at virtually all the Group's operating sites. The roll-out of the IMS at Lurgi is scheduled for 2009 (deviation analysis initiated in the second half of 2008).

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.

The **Safety and Industrial System Department** and the **Industrial Departments of the relevant worldwide 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;
- technical audits carried out by the Industrial Departments to ensure the compliance of operations with Group security and technical rules and, since the beginning of 2006, system audits in order to verify the conditions of implementation and compliance of operations with Group rules and IMS requirements.

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

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

The Group implemented a Group Policy for the Protection of Information, which aims to:

- protect the confidentiality, integrity, availability and traceability of information;
- ensure the availability and continuity of information systems;
- pay particular attention to the compliance of legal and regulatory provisions.

This policy 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 charter.

Its deployment began in 2005 and covered more than 37,000 users in 2008 representing around 88% of Group employees.

- **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 charters, guidelines or reference frameworks issued by the major support departments of the Company, notably:

- for the legal area:
  - various contractual guides (for Large Industries, for Electronics, for borrowings), or management guide (for Healthcare),
  - Powers, Limitations and Delegation Guide for use by Group entities,
  - Insurance Guide for all Group entities,
  - instructions 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 entities in 2008,
  - a "Group" memo, specifying the rules to be observed to prevent insider trading;
- 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 a financial policy, which forbids speculative transactions notably on derivatives, and that is subject to regular review. This policy, which is widely distributed to the Group entities in a financial charter, states the principles and procedures for the management of financial risk to which the activity is exposed, 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 that are aimed at ensuring secure transactions, adapted to local circumstances and compliant with the regulations in force.

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.

The Group's accounting manual define 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." It 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 semi-annual 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 whose duty, in conjunction with the Strategic Control Department, is to prepare the consolidated data, analyze and comment on the results, and identify and explain any differences with respect to the forecasts that were made, and update the forecasts.

Within the monthly Executive Management meetings, a rolling forecast for the current year is systematically presented by the Strategic Control Department, in order to identifying when necessary, the steps to implement for achieving the yearly targets.

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 Internal 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 - Chief Executive Officer, the Senior Executive Vice-Presidents aided by the Finance and Administration Director, the Director of Strategic 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 Strategic Control Department and the Internal 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 three times a year and upon request if necessary.

It includes the Group Finance and Administration Director, the Group Corporate Finance and Treasury Director and certain Department members, 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 Worldwide Business Line (Large Industries, Industrial Merchant, Electronics and Healthcare), and several times a year for technological activities (Research and Development, High Tech, Engineering).

Each Committee meeting is chaired by the Executive Committee member responsible for the relevant Worldwide Business Line, and brings together Business Line Directors for the areas concerned by investments, the Group Finance and Administration Director, the Director of Strategic Control or the Director of Management Control as well as the Group Human Resources Director (when issues for which he is responsible are analyzed).

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

Statutory Auditors' Report

prepared in accordance with Article L. 225-235 of the French Company Law (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 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.

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 Company Law (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 Company Law (Code de commerce) for the year ended December 31, 2008.

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 Company Law (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
- to confirm that the report also includes the other information required by article L.225-37 of the French Company Law (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 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 on internal control procedures relating to the preparation and processing of financial and accounting information provided in the Chairman's report. These procedures consist mainly in:

- obtaining an understanding of the internal control procedures relating to the preparation and processing of financial and accounting 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 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 nothing to report on the information in respect of the company's internal control procedures relating to the preparation and processing of financial and accounting information, contained in the report prepared by the Chairman of the Board of Directors in accordance with article L.225-37 of the French Company Law (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 Company Law (Code de commerce).

Paris-La Défense and Courbevoie, March 12, 2009

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 AFEP/MEDEF Recommendations issued in October 2008 and incorporated in 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 2007 AND 2008

Table 1 below presents a summary of all remuneration components paid to executive officers with regard to fiscal years 2007 and 2008. 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)	2007	2008
Benoît Potier		
Remuneration payable in respect of the fiscal year (see breakdown in table 2)	2,458	2,522
Value of stock options granted during the fiscal year (see breakdown in table 4)	1,760	1,803
TOTAL	**4,218**	**4,325**
Klaus Schmieder		
Remuneration payable in respect of the fiscal year (see breakdown in table 2)	1,246	1,296
Value of stock options granted during the fiscal year (see breakdown in table 4)	880	902
TOTAL	**2,126**	**2,198**
Pierre Dufour		
Remuneration payable in respect of the fiscal year (see breakdown in table 2)	118	1,167
Value of options granted during the fiscal year (see breakdown in table 4)	-	744
TOTAL	**118**	**1,911**

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 below for fiscal years 2007 and 2008:

TABLE 2 - SUMMARY OF REMUNERATION PAID TO EACH EXECUTIVE OFFICER

	Fiscal year 2007		Fiscal year 2008	
In thousands of euros (rounded off)	**Amounts due**	**Amounts paid**	**Amounts due**	**Amounts paid**
Benoît Potier - Chairman and Chief Executive Officer (a)				
- Fixed remuneration	1,020	1,009	1,020	1,014
Including Directors' fees	*35*	*24*	*41*	*35*
- Variable remuneration	1,428	1,238	1,492	1,428
- Benefits in kind	10	10	10	10
TOTAL	**2,458**	**2,257**	**2,522**	**2,452**
Klaus Schmieder - Senior Executive Vice-President				
- Fixed remuneration	557	557	600	600
- Variable remuneration	668	558	674	668
- Benefits in kind	21	21	22	22
TOTAL	**1,246**	**1,136**	**1,296**	**1,290**
Pierre Dufour - Senior Executive Vice-President (b)				
- Fixed remuneration	52	52	530	530
- Variable remuneration	63	-	622	63
- Benefits in kind	3	3	15	15
TOTAL	**118**	**55**	**1,167**	**608**

(a) Benoît Potier's employment contract was suspended on May 10, 2006. Consequently, since this date, he has received all his remuneration in his capacity as a corporate officer. Since that same date, his fixed remuneration includes Directors' fees.

(b) Pierre Dufour began his duties as Senior Executive Vice-President on November 27, 2007.
The total gross annual remuneration of Pierre Dufour for fiscal year 2007 in respect of both his duties as an employee and those as a corporate officer, as from November 27, 2007 and for a full fiscal year was: fixed portion: 530,000 euros; maximum variable portion: 636,000 euros; benefits in kind: 16,000 euros.
This remuneration was paid to him on a prorated basis from November 27, 2007 in respect of fiscal year 2007.
During 2008, the Company also paid amounts to third parties with respect to supplementary defined contribution pension plans on behalf of Benoît Potier, Klaus Schmieder and Pierre Dufour (77,242; 89,302 and 77,242 euros respectively) and death and disability benefits on behalf of Benoît Potier and Pierre Dufour (58,967 and 16,928 euros respectively) for a total of 319,681 euros. These plans are described below.

For 2009, at its meeting on February 13, 2009, the Board of Directors decided to maintain the fixed remuneration and the theoretical level of the variable remuneration **at exactly the same amounts as for the 2008 fiscal year.**

In thousands of euros	**Fixed remuneration (a)**	**Maximum variable remuneration as a % of fixed remuneration**
Benoît Potier (a)	1,020	150%
Klaus Schmieder	600	120%
Pierre Dufour	530	120%

(a) For Benoît Potier, including directors' fees.

The guidelines underlying the Executive Management remuneration policy, which is determined by the Board of Directors at the recommendation of the Remuneration Committee, are described in detail in the report of the Chairman of the Board of Directors on pages 70 and the following.

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 are adopted by the Board of Directors at the beginning of the fiscal year in line with the Group's strategic priorities and the results are assessed, after year-end, on the basis of the consolidated financial statements for the fiscal year approved by the General Shareholders' Meeting and the assessment of the performance of each member by the Board of Directors.
  - **In 2007**, variable remuneration was based on two financial objectives: (i) growth in net earnings per share (excluding non-recurring items and exchange rate fluctuations) and (ii) return on capital employed (ROCE) after tax. Personal quality objectives mainly included the bolstering of the Group's position in emerging economies, the establishment of world business lines or the launch of initiatives aimed at new generations of shareholders.
  - **In 2008**, variable remuneration was based on the same financial criteria of (i) growth in net earnings per share (excluding non-recurring items and exchange rate fluctuations) and (ii) return on capital employed (ROCE) after tax, given a significant majority weighting, together with personal quality objectives. These notably 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 (for the assessment of the variable remuneration for the members of the Executive Management, with regard to the 2008 fiscal year, see the Chairman's report, pages 70 and 71).
  - **In 2009**, variable remuneration will continue to be based on the same financial criteria of (i) growth in net earnings per share (excluding non-recurring items and exchange rate fluctuations) and (ii) return on capital employed (ROCE) after tax, which will continue to be given a significant majority weighting, together with personal quality objectives. These quality objectives will notably include objectives relating to management of the economic crisis and its impact on the major financial balances of the Company, management of the cash position and financing and medium-term management through preserving the dynamics of the ALMA program.
- The **benefits in kind** paid to each of the 3 executive officers include the use of a company car and contributions to supplementary pension plans as well as:
  - for Benoît Potier; contributions to death & disability plans and to the unemployment insurance covering company managers and corporate officers;
  - for Klaus Schmieder, the provision of accommodation;
  - for Pierre Dufour, contributions to death & disability plans and the provision of accommodation.

Board of Directors

AMOUNTS PAID IN 2007 AND 2008

Table 3 below summarizes the directors' fees (in the absence of payment of any other exceptional remuneration) received by non-executive corporate officers in 2007 and 2008 and the amounts of directors' fees paid in 2009 in respect of fiscal year 2008:

TABLE 3
DIRECTORS' FEES AND OTHER EXCEPTIONAL REMUNERATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS

In thousands of euros (rounded off)	Amounts paid in 2007 in respect of FY 2006	Amounts paid in 2008 in respect of FY 2007	Amounts paid in 2009 in respect of FY 2008
Alain Joly [(a) (f)]	26	45	50
Édouard de Royere [(b) (f)]	45	47	21
Thierry Desmarest	42	45	50
Rolf Krebs	60	56	61
Gérard de La Martinière [(c)]	62	62	68
Béatrice Majnoni d'Intignano	47	47	53
Cornelis van Lede	45	52	64
Lindsay Owen-Jones [(d)]	43	47	54
Thierry Peugeot	36	35	41
Paul Skinner	32	36	43
Jean-Claude Buono [(e) (f)]	-	-	28
Karen Katen [(e)]	-	-	35
TOTAL	**438**	**472**	**568**

DIRECTORS' FEES RECEIVED BY EXECUTIVE OFFICERS

Benoît Potier	24	35	41
TOTAL AMOUNT OF DIRECTORS' FEES	**462**	**507**	**609**

(a) For Alain Joly, the amount paid in respect of fiscal year 2006 corresponds to his remuneration as director from May 11, 2006.
(b) Term of office terminated on May 7, 2008.
(c) The indicated amounts include additional remuneration of 15,000 euros in respect of duties as Chairman of the Audit and Accounts Committee.
(d) The indicated amounts include additional remuneration in respect of duties as Chairman of the Appointments and Remuneration Committees from May 10, 2006 of 5,000 euros on a prorated basis to the number of meetings chaired in fiscal year 2006 and 10,000 euros from fiscal year 2007.
(e) Terms of office commencing May 7, 2008.
(f) Alain Joly, Édouard de Royere and Jean-Claude Buono also received the following pension benefit payments in 2008 pursuant to the plan presented below in the section "Former Corporate Officers; pension benefit obligations" (in thousand of euros): Alain Joly 1,114; Édouard de Royere 1,719 and Jean-Claude Buono 332. Jean-Claude Buono also received in 2008 (in thousand of euros) an amount of 577 corresponding to the variable remuneration due in respect of the last year of his duties as Senior Executive Vice President in 2007.

CRITERIA

Total directors' fees for allocation to members of the Board of Directors were set at the Shareholders' Meeting of May 7, 2008 at 650,000 euros per fiscal year.

The allocation formula adopted by the Board of Directors since May 2006 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 2008, 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 15,000 euros.
- The Chairman of the Appointments and Remuneration Committees receives supplementary fixed annual remuneration of 10,000 euros.

Variable remuneration

Attendance at the various meetings is remunerated as follows:

- 1 Board of Directors' meeting 4,000 euros
- 1 Audit and Accounts Committee meeting 3,000 euros
- 1 Appointments/Remuneration Committee meeting 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 (generally in May, but exceptionally in July in 2008 due to stock market law restrictions), in the form of share subscription options granted without a discount.

The options granted to executive officers are subject to the same plan regulations as those granted to all other option beneficiaries within the Group (see page 97). The total number of options under the stock option plans granted to both executive officers and Group employees represents a small percentage of share capital.

Readers are reminded that pursuant to the tenth resolution approved by the Shareholders' Meeting of May 9, 2007, executive officers may not receive shares under the plan for the conditional grant of shares to employees (CGSE).

FISCAL YEAR 2008

Table 4 presents information on share subscription options granted to each of the executive officers in 2008. These grants were made by the Company and no grants were made by any other Group company.

TABLE 4 - SHARE SUBSCRIPTION OPTIONS GRANTED DURING THE 2008 FISCAL YEAR TO EACH EXECUTIVE OFFICER

	Plan grant date	Option type	Option value (pursuant to IFRS 2) *(in thousands of euros)*	Number of options granted in 2008	Exercise price in euros	Exercise period
Benoît Potier	07/09/2008	Share subscription options	1,803	88,000	84	07/09/2012 to 07/08/2016
Klaus Schmieder	07/09/2008	Share subscription options	902	44,000	84	07/09/2012 to 07/08/2016
Pierre Dufour	07/09/2008	Share subscription options	744	36,300	84	07/09/2012 to 07/08/2016

The adjusted fair value of stock options granted in 2008 and determined according to IFRS 2 is 20.49 euros per option. Stock options granted to executive officers in 2008 represent 0.065% of share capital.

On the grant of the 2008 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 72).

Table 5 presents the total number of stock options exercised by executive officers in 2008.

TABLE 5
SHARE SUBSCRIPTION OPTIONS EXERCISED DURING THE FINANCIAL YEAR BY EACH EXECUTIVE OFFICER

	Plan grant date	Number of options exercised	Exercise price *(in euros)*
Benoît Potier	05/12/1999	42,856	44.90
Benoît Potier	06/14/2002	30,000	56.90

TOTAL ADJUSTED STOCK OPTIONS, GRANTED TO CORPORATE OFFICERS AND NOT EXERCISED AS OF DECEMBER 31, 2008

	Total adjusted stock options not exercised	Average price *(in euros)*
Benoît Potier	620,220	65.97
Klaus Schmieder	209,032	70.57
Pierre Dufour [a]	36,300	84.00
Alain Joly [b]	54,908	44.90
Jean-Claude Buono [c]	237,875	61.96

(a) Options granted in respect of his corporate office since his appointment in November 2007.
(b) All these stock options were granted prior to 2001, for his duties as Chairman and Chief Executive Officer of the Company.
(c) All these stock options were granted between November 2001 and December 31, 2007 for his duties as member of the Management Board or Senior Executive Vice-President of the Company.

FROM 2009 ONWARDS

Pursuant to the AFEP/MEDEF Code of corporate governance for listed companies, at its meeting on February 13, 2009, the Board of Directors decided that, from the 2009 fiscal year onwards, the stock options granted to the executive officers will be subject to performance conditions and limited to a certain percentage of the remuneration of the executive officer and of the total overall amount of stock options voted by the Extraordinary Shareholders' Meeting in accordance with the terms defined by the Board of Directors at the time of grant (with regard to the periods during which stock options may not be exercised and the obligations to hold the shares acquired, see Chairman's Report, pages 71 and 72).

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 seniority, 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 May 23, 1995 for Édouard de Royere and November 14, 2001 for Alain Joly, taking into account common practice in pension benefits for executive managers at that time, 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 159), 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 of seniority as of January 1, 1996, was closed on February 1, 1996.

In 2008, the amounts indicated in footnote (f) to Table 3 were paid to Édouard de Royere, 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 seniority conditions allowing them to benefit from the abovementioned collective agreement of December 12, 1978, shall continue to benefit from supplementary pension plans set up for senior managers and executives meeting certain eligibility conditions, including (i) for the portion of the remuneration up to 16 times the annual social security ceiling as part of a defined contribution scheme managed by a third party and (ii) for the portion of the remuneration exceeding 16 times the annual social security ceiling as part of a defined benefit scheme, 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 and Pierre Dufour, with respect to their duties both as salaried employees and corporate officers, fall within this category. The defined contribution plans, which presume that the eligibility criteria have been satisfied for 2 consecutive years, became effective for Klaus Schmieder beginning in 2006.

- For the portion managed as part of a defined contribution plan, the Company pays an outside fund manager a contribution representing 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 3 highest total remunerations of the last 5 remunerations exceeding 16 times the annual social security ceiling. 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, except for serious misconduct or gross negligence, the beneficiary may nevertheless maintain his rights if he has reached at least 55 years of age with a seniority of at least 5 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.

These plans were applied 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 related-party agreements. Regarding Benoît Potier and Klaus Schmieder, application was approved by the Shareholders' Meeting of May 9, 2007. Regarding Pierre Dufour, application was approved by the Shareholders' Meeting of May 7, 2008, in a specific resolution concerning him.

The 2008 amount paid by the Company to the fund manager of Benoit Potier's, Klaus Schmieder's and Pierre Dufour's supplementary defined contribution plans is disclosed in the footnotes to Table 2.

To ensure the aforementioned defined benefit pension plan complies fully with the AFEP/MEDEF Recommendations, the Board of Directors decided that with effect from 2009, a minimum length of service of 3 years would be required before an executive officer may qualify for this plan. Once this condition is satisfied, the annuity calculation shall take account each individual's full length of service. This seniority condition will be integrated into the Plan regulations and will also apply to all potentially eligible senior management employees.

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 8 times the annual social security ceiling and satisfying certain age and seniority conditions, to receive benefits in the event of death or permanent and absolute invalidity. This benefit is equal to 4 times the portion of gross annual remuneration exceeding 8 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 to Benoît Potier in 2006 and to Pierre Dufour in 2007 by the Board of Directors in accordance with the procedure governing regulated related-party agreements. Application of the plan to Benoît Potier was approved by the Shareholders' Meeting of May 9, 2007. Regarding Pierre Dufour, application was approved by the Shareholders' Meeting of May 7, 2008 in a specific resolution concerning him.

The 2008 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.

Klaus Schmieder, who does not fulfill the age conditions required to benefit from the above-mentioned additional death, disability and related benefits plan, is covered by the Company's death, disability and related benefits plan applicable to all Group employees.

COMMITMENTS RELATING TO TERMINATION OF DUTIES

Termination indemnities

BENOÎT POTIER

- In 2006, the Board of Directors granted Benoît Potier:

(a) In the event of removal from office or non-renewal of his terms of office as Chairman and Chief Executive Officer, except for gross negligence, a final and lump-sum fixed amount determined by applying the provisions of the collective bargaining agreement covering all Company executives, taking account of (i) the number of years seniority acquired from the outset, as a salaried employee and corporate officer and (ii) the total fixed and variable average monthly remuneration for the 24 months preceding termination of the term of office as the basis of calculation. Application of the formula under the above-mentioned provisions of the collective bargaining agreement, limited, in all events, the maximum amount of the aforementioned indemnity to 20 months' remuneration. This amount included any indemnity potentially due in the event of termination of the employment contract.

(b) Moreover, in the event of removal from office or non-renewal of the term of office within 24 months following a change in control of Air Liquide, it was provided that this indemnity would be increased by 12 months' remuneration, as defined above.

As this is a regulated related-party agreement, this decision was approved by the Shareholders' Meeting of May 9, 2007.

(c) 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 termination 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. This agreement was approved by the Shareholders' Meeting of May 7, 2008, in a specific resolution concerning Benoît Potier.

- To ensure compliance with the AFEP/MEDEF Recommendations issued in October 2008, at its meeting on February 13, 2009, the Board of Directors decided to amend the terms of the aforementioned agreement with regard to the following 3 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 indemnities;

(ii) the amount of the indemnities 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 remains subject to achievement of the performance conditions previously defined, with the proportion of the indemnity due decreasing according to the rate of achievement of such conditions within the scope of a formula that has been slightly revised by the Board (see section on "Performance conditions – Termination indemnities" below).

The decision made by the Board of Directors at its meeting on February 13, 2009 has been published in full on the Company's website. The agreement, as amended, is presented in the Statutory Auditors' Special Report (see page 231 of this document) and is submitted to the Shareholders' Meeting of May 7, 2009, for approval in a specific resolution concerning Benoît Potier.

- In connection with the amendments to the defined benefit pension plan presented on page 90, the Company undertook to grant to all employee beneficiaries of the plan of at least 55 years old and with at least 20 year 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 has been 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 90. This commitment will automatically become null and void when Benoît Potier reaches 55 years of age;

(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 section on "Performance conditions - Compensation for loss of pension rights in respect of corporate office" below). This commitment was approved by the Shareholders' Meeting of May 7, 2008, in a specific resolution concerning Benoît Potier.

- With the agreement of Benoît Potier, the Board of Directors decided to maintain entitlement to compensation for loss of pension rights, subject to performance conditions, detailed above (see the "Chairman's Report", page 71 on this point).

KLAUS SCHMIEDER

- In 2006, the Board of Directors granted Klaus Schmieder:

(a) With respect to his duties as Senior Executive Vice-President, in the event of removal from office or non-renewal of his term of office, except for serious misconduct, a final and lump-sum fixed indemnity equal to the lower of 18 months of the fixed portion of remuneration in his capacity as Senior Executive Vice-President or the number of months of the fixed portion of his remuneration between such date and his 60th birthday.

(b) This indemnity was cumulative with that due in respect of his employment contract in the event of the concomitant termination of the latter. Should the Company unilaterally terminate his employment contract before he reached the age of 60, except in the case of serious misconduct or incapacity to work, Mr. Klaus Schmieder would receive a termination indemnity equal to the lower of 18 months of the fixed portion of remuneration or the number of months of the fixed portion of his remuneration between such date and his 60th birthday.

(c) Moreover, should the removal from office or non-renewal occur within 24 months following a change in control of Air Liquide, this indemnity would be increased by 12 months' remuneration, the total fixed and variable average monthly remuneration received in the capacity of salaried employee and corporate officer for the 24 preceding months serving as the basis of calculation for such indemnity.

(d) 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 termination 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. This agreement was approved by the Shareholders' Meeting of May 7, 2008, in a specific resolution concerning Klaus Schmieder.

- Klaus Schmieder celebrated his 60th birthday in October 2008, rendering the entitlement to the indemnity, both in respect of his employment contract and as corporate officer, null and void except in the event of termination following a change in control.
- To ensure compliance with the AFEP/MEDEF Recommendations issued in October 2008, the Board of Directors decided at its meeting on February 13, 2009 to clarify that:

(i) in the event of the forced departure of Klaus Schmieder from his office as Senior Executive Vice-President (removal from office, non-renewal, request for resignation) following a change in control, the only situation now giving rise to a termination indemnity, the Company undertakes to pay Klaus Schmieder an indemnity equal to 12 months' gross fixed and variable remuneration, without the sum of this indemnity and the indemnities that could be due in the event of concomitant termination of the employment contract as well as any non-competition indemnity due in respect of this termination, exceeding 24 months' fixed and variable remuneration;

(ii) the right to payment of the indemnity remains subject to achievement of the performance conditions defined above, with the proportion of the indemnity due decreasing according to the rate of achievement of such conditions within the scope of a formula that has been slightly revised by the Board (see section on "Performance conditions – Termination indemnities" below).

The decision made by the Board of Directors at its meeting on February 13, 2009 has been published in full on the Company's website. The agreement, as amended, is presented in the Statutory Auditors' Special Report (see page 231 of this document) and is submitted to the Shareholders' Meeting of May 7, 2009, for approval in a specific resolution concerning Klaus Schmieder.

PIERRE DUFOUR

- In 2007, the Board of Directors granted Pierre Dufour:

(a) In the event of removal from office or non-renewal of his term of office as Senior Executive Vice-President, except for serious misconduct or gross negligence, a final and lump-sum fixed amount determined by applying the provisions of the collective bargaining agreement covering all Company executives, subject to a minimum of 12 months' remuneration, calculated using the total fixed and variable average monthly remuneration for the 24 months preceding termination of the term of office. Application of the formula under the above-mentioned provisions of the collective bargaining agreement, limited, in all events, the maximum amount of the aforementioned indemnity to 20 months' remuneration. This amount included any indemnity potentially due in the event of termination of the employment contract.

(b) Moreover, in the event of removal from office or non-renewal of the term of office within 24 months following a change in control of Air Liquide, it was provided that this indemnity would be increased by 12 months' remuneration, as defined above.

(c) 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. This agreement was approved by the Shareholders' Meeting of May 7, 2008, in a specific resolution concerning Pierre Dufour.

- To ensure compliance with the AFEP/MEDEF Recommendations issued in October 2008, at its meeting on February 13, 2009, the Board of Directors decided to amend the terms of the aforementioned agreement with regard to the following 3 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 indemnities;

(ii) the amount of the indemnities 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 remains subject to achievement of the performance conditions defined above, with the proportion of the indemnity due decreasing according to the rate of achievement of such conditions within the scope of a formula that has been slightly revised by the Board (see section on "Performance conditions – Termination indemnities" below).

The decision made by the Board of Directors at its meeting on February 13, 2009 has been published in full on the Company's website. The agreement, as amended, is presented in the Statutory Auditors' Special Report (see page 231 of this document) and is submitted to the Shareholders' Meeting of May 7, 2009, for approval in a specific resolution concerning Pierre Dufour.

Performance conditions

TERMINATION INDEMNITIES

The Board of Directors decided that (i) payment of the termination indemnities due to Benoît Potier, Klaus Schmieder and Pierre Dufour mentioned above (excluding however 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 the employment contract) and (ii) for Benoît Potier, the inclusion of his seniority as Chairman and Chief Executive Officer in the calculation of his statutory indemnity or indemnity provided for in the collective bargaining agreement due in the event 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 rights referred to in (i) and for Benoît Potier in (ii) above shall depend on, and the amount of the indemnity paid pursuant to paragraph (i) 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 certified consolidated financial statements approved by Annual 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 3 fiscal years prior to the fiscal year during which the departure occurs will be calculated.

The following formulas will be applied:

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 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 reductions in indemnities due as retirement age approaches, the Board of Directors decided to consider this issue at a later date to take account of regulatory changes in the retirement age. This issue is not currently urgent given the young age of the members of L'Air Liquide S.A.'s Executive Management.

COMPENSATION FOR THE LOSS OF PENSION RIGHTS IN RESPECT OF THE CORPORATE OFFICE

Benoît Potier's entitlement to receive compensation for the loss of pension rights described above (except for, if applicable, compensation for the loss of pension rights that may be receivable under Mr. Potier's employment contract), will depend on the average of the 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 certified consolidated financial statements approved by Annual Shareholders' Meeting), for the last 7 fiscal years preceding the fiscal year during which he leaves the Company.

The following formula will be applied:

Average variance (ROCE – WACC)	Percentage of the indemnity due
≥ 200 bp*	100%
≥ 100 bp and < 200 bp	50%
≥ 0 bp and < 100 bp	25%
< 0	0

* *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 when Benoît Potier reaches 55 years of age.

UNEMPLOYMENT INSURANCE

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 related-party agreements, this decision was approved by the Shareholders' Meeting of May 9, 2007.

below summarizes commitments relating to the termination of the duties of the three executive officers as set out above.

TABLE 6

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)		Indemnity pursuant to a non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Benoît Potier Chairman and Chief Executive Officer Term of office start date: 2006 Term of office end date: 2010	Suspended (this suspension will be ended in 2010 at the latest: see Chairman's Report, page 70)		Pension plan for senior managers and executives: - Partly defined contribution plan - Partly defined benefit plan		- Termination indemnity • Cases: forced departure related to a change of strategy or a change in control • Maximum amount including any indemnity due in respect of termination of the employment contract: 24 months of gross fixed and variable remuneration • Subject to performance conditions - Compensation for loss of pension entitlement subject to performance conditions			X
Klaus Schmieder Senior Executive Vice-President Term of office start date: 2004 Term of office end date: 2011	yes		Pension plan for senior managers and executives: - Partly defined contribution plan - Partly defined benefit plan		- Termination indemnity • Case: forced departure related to a change in control • Amount: 12 months of gross fixed and variable remuneration, the indemnities including non-competition indemnities relating to termination of employment contract, capped at an overall maximum for all indemnities combined, of 24 months' remuneration • Subject to performance conditions		In respect of the employment contract: 12 months of employee remuneration, indemnity included in the overall maximum limit of 24 months' fixed and variable remuneration	
Pierre Dufour Senior Executive Vice-President Term of office start date: 2007 Term of office end date: 2011	yes		Pension plan for senior managers and executives: - Partly defined contribution plan - Partly defined benefit plan		- Termination indemnity • Cases: forced departure related to a change of strategy or a change in control • Maximum amount including any indemnity due in respect of termination of the employment contract: 24 months of gross fixed and variable remuneration • Subject to performance conditions		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	

Transactions involving Company shares performed by Corporate Officers

In 2008, the following transactions involving Company shares were performed by corporate officers:

	Nature of the transaction	Date of transaction	Average price (in euros)
Natural person related to Pierre Dufour	Purchase of 100 shares of L'Air Liquide S.A.	February 20, 2008	93.81
Pierre Dufour	Sale of 4,650 shares of L'Air Liquide S.A.	March 14, 2008	92.20
Pierre Dufour	Purchase of 5,650 shares of L'Air Liquide S.A.	March 14, 2008	52.04 (a)
Alain Joly	Sale of 5,000 shares of L'Air Liquide S.A.	April 3, 2008	99.80
Benoît Potier	Exercise of 42,856 share subscription options of L'Air Liquide S.A.	July 2, 2008	44.90
Benoît Potier	Sale of 42,856 shares of L'Air Liquide S.A.	July 3, 2008	81.75
Karen Katen	Purchase of 500 shares of L'Air Liquide S.A.	July 4, 2008	84.47
Benoît Potier	Exercise of 30,000 share subscription options of L'Air Liquide S.A.	July 8, 2008	56.09
Benoît Potier	Sale of 30,000 shares of L'Air Liquide S.A.	July 9, 2008	82.55
Pierre Dufour	Purchase of 600 shares of L'Air Liquide S.A.	August 11, 2008	82.84
Jean-Claude Buono	Exercise of 10,000 share subscription options of L'Air Liquide S.A.	August 11, 2008	44.90
Jean-Claude Buono	Sale of 10,000 shares of L'Air Liquide S.A.	August 12, 2008	82.56
Jean-Claude Buono	Sale of 1,000 shares of L'Air Liquide S.A.	October 28, 2008	59.10
Jean-Claude Buono	Sale of 500 shares of L'Air Liquide S.A.	December 16, 2008	64.13
Klaus Schmieder	Purchase of 4650 shares of L'Air Liquide S.A.	December 19, 2008	64.33

(a) Non-market transaction in US dollars.

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 compensation scheme offered by the share subscription option plans and to widen the categories of beneficiaries. The current system is accordingly 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 CGSE (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 combined allotment of options and CGSE (the conditional share grant partially replaces the options at a ratio of 4 options for 1 share);
- other employees corresponding to middle managers who up until now received options, and a category of new employee beneficiaries, who receive CGSE 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 enlargement of the population of beneficiaries.

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 Appointments and Remuneration Committee, the Board of Directors, the Supervisory Board and the Management Board have adopted, at Group level, share subscription option plans for senior executives (including corporate officers) and key employees.

The purpose of these options is to motivate top-performing key Company executives, retain the highest performing executives and associate them with the long-term interests of shareholders.

In addition, for the Company's 100th year celebration in 2002, share subscription options were granted on an exceptional basis to all Group employees worldwide, up to a maximum of 30 options each, currently adjusted to 82.

Share options are granted for a minimum unitary amount equal to or greater than the average market price during the 20 trade days prior to the day they are granted. 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.

Share options granted on May 12, 1999 can only be exercised after a five-year minimum term from the date they were granted. Share options granted after May 12, 1999 can only be exercised after a four-year minimum term from the date they were granted.

The total number of share 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, 2008 amounts, after adjustment, to 7,066,764 options or 2.71% of the share capital (average price of 62.06 euros), of which 865,552 options (average price of 67.84 euros) were granted to members of Executive Management in office as of December 31, 2008, during their term of office.

Out of the total number of options whose issuance was authorized by the Shareholders' Meeting of May 9, 2007, the Board of Directors retained the possibility to allot 4,269,905 options as of December 31, 2008.

Options granted in 2008 (Plan of July 9, 2008)

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 July 9, 2008, granted 513,392 options to purchase shares at a price of 84 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 328 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 2008	Number of beneficiaries	Number of options
Corporate officers of L'Air Liquide S.A.	3	168,300
Senior executives (not corporate officers of L'Air Liquide S.A.)	325	345,092

OPTIONS GRANTED TO THE TEN EMPLOYEES (EXCLUDING CORPORATE OFFICERS) WHO WERE GRANTED THE HIGHEST NUMBER OF OPTIONS

In 2008	Number of options	Average price
L'Air Liquide S.A.	79,420	84.00
L'Air Liquide S.A. and its subsidiaries	92,620	84.00

The number, expiration date and strike price of the subscription options granted in 2008 to the corporate officers of the Company are described on page 88.

Share options granted over the last ten years

	1999	2000	2001	2002	2002 (a)	2004	2004	2005	2006	2007	2007	2008
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
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
Total share 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
including to officers and directors	44,000	70,000		75,000	60	57,000	15,000	70,000	90,000	75,000		168,300
Benoît POTIER (c)	13,000	20,000		50,000	30	40,000		40,000	50,000	40,000		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 (c)							15,000	15,000	20,000	20,000		44,000
Pierre DUFOUR (c)												36,300
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
Number of beneficiaries	122	321	2	481	31,012	448	38	520	500	535	1	328
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
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
Strike 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
Strike price as of 12/31/08 (d)	44.90			56.09	48.08	52.20	54.12	57.01	69.41	83.18	85.45	84.00
Total share options granted reconstituted as of 12/31/08 (d) (g)	644,036	1,129,617	7,466	2,428,417	1,365,617	1,294,808	83,042	1,025,851	1,060,926	946,196	4,401	513,392
Total share options subscribed as of 12/31/08 (g)	318,594	1,062,050	4,766	866,767	727,810	159,467	1,735	4,101 (e)				
Total share options cancelled as of 12/31/08 (d) (f) (g)	22,777	67,567	2,700	59,089	87,416	17,519	780	6,161	8,306	19,400		
Total share options remaining as of 12/31/08 (d)	**302,665**			**1,502,561**	**550,391**	**1,117,822**	**80,527**	**1,015,589**	**1,052,620**	**926,796**	**4,401**	**513,392**

(a) Exceptional plan approved in 2002, for the Company's 100th year celebration and involving all Group employees who met certain conditions, including seniority. Plan limited to a maximum of 30 share options per beneficiary, adjusted number, currently adjusted to 82.
(b) Share options granted in November 2007 and in 2008 take into account the one-for-two share split on June 13, 2007 (per value split from €11 to €5.50).
(c) 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 (11.00 euros face value split to 5.50 euros) on June 13, 2007.
(e) Early exercise of rights provided for in the share options plans.
(f) Loss of exercise rights.
(g) Number of shares or share options expressed historically.
(h) The number of beneficiaries and share options granted decreased in 2008, following the first implementation of ACAS plan in addition to a share options plan. Officers and directors are not entitled to ACAS plans, and the number of share options granted to them in 2008 is in line with the 2007 plan.

Options exercised in 2008

Part of the options granted from 1999 to 2005 by the Board of Directors, the Supervisory Board or the Management Board, as the case may be, were exercised in fiscal year 2008 for a total of 773,842 shares for an average price of 54.78 euros.

OPTIONS EXERCISED BY THE TEN EMPLOYEES OF THE COMPANY L'AIR LIQUIDE S.A. (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

Grant date	Number of options exercised	Average price [(a)] *(in euros)*
May 12, 1999	33,583	46.31
June 14, 2002	88,507	57.53
April 8, 2004	20,935	56.13
TOTAL	**143,025**	**54.69**

(a) The average prices are impacted by the allocation of the number of options whether exercised prior to of after the bonus share issue of June 9, 2008.

OPTIONS EXERCISED BY THE TEN EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (EXCLUDING CORPORATE OFFICERS) WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

Grant date	Number of options exercised	Average price [(a)] *(in euros)*
May 12, 1999	20,408	45.89
June 14, 2002	119,924	57.62
April 8, 2004	27,252	55.04
TOTAL	**167,584**	**55.77**

(a) The average prices are impacted by the allocation of the number of options whether exercised prior to or after the bonus share issue of June 9, 2008.

CONDITIONAL GRANT OF SHARES TO EMPLOYEES

(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 the conditional grant of shares to employees ("CGSE").

The tenth 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 L'Air Liquide S.A.'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 duration of the continued service requirement (paragraph a below) and the correlative absence of any holding requirement for the "World" Plan (paragraph c below).

CGSE 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 2 years for "France" Plan beneficiaries and 4 years for "World" Plan beneficiaries, except in the event of retirement.

b) a performance requirement

This requirement is identical for both plans. The number of shares vested shall depend on the average growth in net income after minority interests achieved by the Group over the first two years of the vesting period and shall vary according to the success rate of the target for average growth in net income after minority interests set for this purpose by the Board of Directors for the period in question.

Rate of achievement of the average growth target in net income after minority interests	Percentage of granted shares definitively vested
≥ 2/3	100%
≥ 1/2 and < 2/3	50%
≥ 1/3 and < 1/2	25%
< 1/3	0

For the 2008 grant, the achievement of the performance requirement will be recorded by the Board of Directors during its meeting held to close off the 2009 financial statements.

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).

CGSE decided in 2008

Pursuant to the tenth resolution of the Extraordinary Shareholders' Meeting of May 9, 2007, the Board of Directors' meeting of July 9, 2008 decided a 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 116,138 shares were therefore granted on a conditional basis to 651 beneficiaries (43,340 shares allotted to "France" Plan beneficiaries and 72,798 shares allotted to "World" Plan beneficiaries). As of December 31, 2008, the unitary fair value of the shares allotted under the "France" Plan and the "World Plan" were 80.15 euros and 74.40 euros respectively (calculated under IFRS). Subject to the achievement of the continued service and performance requirements, these shares will be definitively vested by the beneficiaries on July 9, 2010 for the "France" Plan (with no possibility of transfer prior to July 9, 2012) and July 9, 2012 for the "World" Plan.

BREAKDOWN BETWEEN THE VARIOUS BENEFICIARY CATEGORIES

In 2008	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
Other executives and employees receiving only CGSE	39,226

SHARES 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 SHARES

In 2008	Number of shares
L'Air Liquide S.A.	4,620
L'Air Liquide S.A. and its subsidiaries	5,720

SUMMARY TABLE OF CONDITIONAL SHARE GRANTS TO EMPLOYEES

	2008 grant
Date of authorization by the EGM	05/09/2007
Date of grant by the Board of Directors	07/09/2008
Total number of conditional shares granted	116,138
■ including the top ten employees (excluding corporate officers) receiving the highest number of shares	5,720
Number of beneficiaries	651
Performance requirement ("France" and "World" Plans):	Rate of achievement of the average growth target in net income after minority interests (excluding foreign exchange impact and exceptional items) for fiscal years 2008 (compared to 2007) and 2009 (compared to 2008)
"France" Plan final vesting date	07/09/2010
"World" Plan final vesting date	07/09/2012
End of "France" Plan holding period	07/09/2012

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.

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.

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 2005 resulted in subscription to 434,597 shares by 16,212 employees in 57 countries. 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.

A total number of 2,036,034 shares have been subscribed since 1986 (excluding the share split and the allotment of bonus shares to shareholders).

In 2002, for the Company's 100th year celebration, the Board also allocated share subscription options to the 31,012 Group employees present on January 1 (up to a maximum of 30 options each). These options can be exercised as from October 11, 2006 and their adjusted strike price as of December 31, 2008 is 48.08 euros.

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.

Considering the financial market situation in the last quarter of 2008, the share capital increase for employees initially scheduled for 2008 has been postponed.

Pursuant to Article L. 225-102 of the French Commercial Code, it is specified that a total of 2,675,224 shares, representing 1% of capital and voting rights, were held by the employees of the Company and its subsidiaries within the meaning of Article L. 225-180 of the French Commercial Code as of December 31, 2008.

Management and control

(December 31, 2008)

Board of Directors

Benoît Potier Chairman and Chief Executive Officer Expiration date of term: 2010*	**Cornelis van Lede** Director Expiration date of term: 2011
Sir Lindsay Owen-Jones Vice-Chairman of the Board of Directors Expiration date of term: 2009*	**Béatrice Majnoni d'Intignano** Director Expiration date of term: 2010
Thierry Desmarest Director Expiration date of term: 2009**	**Thierry Peugeot** Director Expiration date of term: 2009**
Alain Joly Director Expiration date of term: 2009**	**Paul Skinner** Director Expiration date of term: 2010
Professeur 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

* *Renewal of term not requested.*
** *Renewal of term proposed to the Annual General Meeting of May 7, 2009.*

Works' council delegates

Gilles Boudin

Marie-Annick Masfrand

Philippe Bastien

Christian Granday

Executive management and Executive Committee

Benoît Potier Chairman and Chief Executive Officer Born in 1957 - French	**François Darchis** Senior Vice-President Industrial Merchant, Engineering and Construction, R&D, Technologies Born in 1956 - French
Klaus Schmieder Senior Executive Vice-President Born in 1948 - German	**Guy Salzgeber** Vice-President, Director European Industrial Business Born in 1958 - French
Pierre Dufour Senior Executive Vice-President Born in 1955 - Canadian	**Ron LaBarre** Vice-President, Large Industries World Business Born in 1950 - American
Jean-Pierre Duprieu Senior Vice-President, Asia-Pacific and Electronics Born in 1952 - French	**Fabienne Lecorvaisier** Vice-President, Finance and Administration Born in 1962 - French
Jean-Marc de Royere Senior Vice-President, Healthcare Born in 1965 - French	**Augustin de Roubin** Vice-President, Human Resources Born in 1953 - French

Information concerning members of the Board of Directors and Executive Management

Information as of December 31, 2008 (1)

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

Number of shares owned as of December 31, 2008: 36,168

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Studies and Career

A graduate from 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 President of the Management Board in November, 2001.

Since 2006, he has been Chairman and Chief Executive Officer of L'Air Liquide S.A.

Positions held during the last five years

2008

Chairman and Chief Executive Officer: L'Air Liquide S.A., Air Liquide International, American Air Liquide Inc. (AAL), Air Liquide International Corporation (ALIC)

Chairman: American Air Liquide Holdings, Inc., Air Liquide Foundation

Director: Danone Group (Chairman of the Audit Committee)

Member of the Supervisory Board: Michelin (member of the Audit Committee since July 25, 2008)

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)

2007

Chairman and Chief Executive Officer: L'Air Liquide S.A., Air Liquide International, American Air Liquide Inc. (AAL), Air Liquide International Corporation (ALIC)
Chairman: American Air Liquide Holdings, Inc.
Director: Air Liquide Italia Srl. (until April 2007), AL Air Liquide España S.A. (until May 2007)

Director: Danone Group (Chairman of the Audit Committee)
Member of the Supervisory Board: Michelin

Director: École centrale, Association nationale des sociétés par actions (ANSA, from March 2007)
Member of the French Board: INSEAD
Member of the Board: Association française des entreprises privées (AFEP, from June 2007)

2006

Chairman of the Management Board: L'Air Liquide S.A. (until May 10, 2006)

Chairman and Chief Executive Officer: L'Air Liquide S.A. (from May 10, 2006), Air Liquide International, American Air Liquide Inc. (AAL), Air Liquide International Corporation (ALIC)
Chairman: American Air Liquide Holdings, Inc.
Director: SOAEO (until March, 2006), Air Liquide Italia Srl., AL Air Liquide España S.A.

Director: Danone Group (Chairman of the Audit Committee)
Member of the Supervisory Board: Michelin

Director: École centrale
Member of the French Board: INSEAD

2005

Chairman of the Management Board: L'Air Liquide S.A.
Chairman and Chief Executive Officer: Air Liquide International, American Air Liquide Inc. (AAL), Air Liquide International Corporation (ALIC)

(1) 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)

Director: SOAEO, Air Liquide Italia Srl., AL Air Liquide España, Air Liquide Asia Pte. Ltd., Air Liquide Canada Inc., Air Liquide America Holdings Inc. (AHI)
Director: Danone Group (Chairman of the Audit Committee)
Member of the Supervisory Board: Michelin
Director: École centrale
Member of the French Board: INSEAD

2004

Chairman of the Management Board: L'Air Liquide S.A.
Chairman and Chief Executive Officer: Air Liquide International, American Air Liquide Inc. (AAL), Air Liquide International Corporation (ALIC)
Chairman: American Air Liquide Holdings, Inc. (AALH)
Director: SOAEO, Air Liquide Italia Srl., AL Air Liquide España S.A., Air Liquide Asia Pte. Ltd., Air Liquide Canada Inc., Air Liquide America Holdings Inc. (AHI)

Director: Danone Group
Member of the Supervisory Board: Michelin

Director: École centrale
Member of the French Board: INSEAD

Sir Lindsay Owen-Jones

Vice-Chairman of the Board of Directors

Born in 1946
Date of first appointment: 1994
Start of current term: 2006
End of current term: 2009*

* *Renewal not requested*

Number of shares owned as of December 31, 2008: 25,101

Business address

L'Oréal, 41 rue Martre – 92117 Clichy Cedex

Studies and Career

A graduate in Literature from Oxford University and in business from INSEAD, Sir Lindsay Owen-Jones joined L'Oréal in 1969. Having started as a Product Manager, he was appointed to Belgium, and then returned to France where he became Marketing Director of the Consumer Division in 1976. In 1978, he was appointed Chief Executive Officer of L'Oréal's Italian subsidiary, before becoming Chairman and Chief Executive Officer of Cosmair Inc., L'Oréal's exclusive agent in the United States in 1981. In 1984, he became Vice-Chairman and Chief Executive Officer, Vice-Chairman of the Management Committee and a director of L'Oréal. He was Chairman and Chief Executive Officer of L'Oréal from 1988 until April 2006, when he became Chairman of the L'Oréal Board of Directors.

Positions held during the last five years

2008

Vice-Chairman of the Board of Directors and Director: L'Air Liquide S.A. (Chairman of the Appointments Committee, Chairman of the Remuneration Committee)

Chairman of the Board of Directors: L'Oréal (Chairman of the Committee for "Strategy and Implementation")
Chairman of the Board of Directors and Director: L'Oréal USA Inc, L'Oréal UK Ltd, L'Oréal Foundation

Director: Ferrari SpA (Italy), Sanofi-Aventis
Chairman: Alba Plus SASU

2007

Vice-Chairman of the Board of Directors and Director: L'Air Liquide S.A. (Chairman of the Appointments Committee, Chairman of the Remuneration Committee)

Chairman of the Board of Directors: L'Oréal (Chairman of the Committee for "Strategy and Implementation")
Chairman of the Board of Directors and Director: L'Oréal USA Inc., L'Oréal UK Ltd

Chairman of the Board of Directors (from October 8, 2007) and director (from June 7, 2007): L'Oréal Foundation

Director: Ferrari SpA (Italy), Sanofi-Aventis
Chairman: Alba Plus SASU

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May 10 2006)

Vice-Chairman of the Board of Directors and Director: L'Air Liquide S.A. (Chairman of the Appointments Committee, Chairman of the Remuneration Committee (from May 10, 2006)

Chairman and Chief Executive Officer: L'Oréal (until April 2006)
Chairman of the Board of Directors: L'Oréal (from April 2006) (Chairman of the Committee for "Strategy and Implementation")
Chairman of the Board of Directors and Director: L'Oréal USA Inc., L'Oréal UK Ltd

Director: Galderma Pharma, Switzerland (until May 2006), Ferrari SpA (Italy), Sanofi-Aventis
Chairman: Alba Plus SASU (from July 2006)

2005

Vice-Chairman of the Supervisory Board: L'Air Liquide S.A.

Chairman and Chief Executive Officer: L'Oréal
Chairman of the Board of Directors and Director: L'Oréal USA Inc., L'Oréal UK Ltd

Director: Galderma Pharma, Switzerland, BNP Paribas (until December 14, 2005), Sanofi-Aventis, Ferrari SpA, Italy (from April 22, 2005)

2004

Vice-Chairman of the Supervisory Board: L'Air Liquide S.A.

Chairman and Chief Executive Officer: L'Oréal
Chairman of the Board of Directors and Director: L'Oréal USA Inc., L'Oréal UK Ltd

Director: Galderma Pharma, Switzerland (Chairman of the Board of Directors until May 24, 2004), Gesparal (until April 29, 2004), BNP Paribas, Sanofi-Aventis

Thierry Desmarest

Director

Born in 1945
Date of first appointment: 1999
Start of current term: 2006
End of current term: 2009*

* *Renewal of term proposed to the Shareholders' Meeting of May 7, 2009*

Number of shares owned as of December 31, 2008: 5,688

Business address

TOTAL, Tour Coupole, 2 place de la Coupole
92078 Paris-La Défense

Studies and Career

A graduate of École polytechnique and École des Mines, Thierry Desmarest spent 4 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 held during the last five years

2008

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee)

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. (from April 2008) (member of the Remuneration Committee), Renault S.A.S. (from April 2008)
Member of the Supervisory Board: Areva

Director: Association française des entreprises privées (AFEP), École polytechnique, Musée du Louvre
Chairman: École polytechnique Foundation

2007

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee)

Chairman of the Board of Directors: Total S.A. (from February 2007)
Chairman and Chief Executive Officer: Total S.A. (until February 2007), Elf Aquitaine (until May 30, 2007)
Chairman: Total Foundation
Director: Sanofi-Aventis
Member of the Supervisory Board: Areva

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May 10,2006)
Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee (from May 10, 2006)

Chairman and Chief Executive Officer: Total S.A., Elf-Aquitaine
Chairman: Total Foundation

Director: Sanofi-Aventis
Member of the Supervisory Board: Areva

2005

Member of the Supervisory Board: L'Air Liquide S.A.

Chairman and Chief Executive Officer: Total S.A., Elf-Aquitaine
Chairman: Total Foundation

Director: Sanofi-Aventis
Member of the Supervisory Board: Areva

2004

Member of the Supervisory Board: L'Air Liquide S.A.

Chairman and Chief Executive Officer: Total S.A., Elf-Aquitaine
Chairman: Total Foundation

Director: Sanofi-Aventis
Member of the Supervisory Board: Areva

Alain Joly

Director

Born in 1938
Date of first appointment: 1982
Start of current term: 2006
End of current term: 2009*

* *Renewal of term proposed to the Shareholders' Meeting of May 7, 2009*

Number of shares owned as of December 31, 2008: 97,648

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Studies and Career

A former graduate of École polytechnique, Alain Joly joined Air Liquide's Engineering Division in 1962. From 1967 to 1973, he had 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 Air Liquide from November 2001 until May 10, 2006, then a director of L'Air Liquide S.A.

Positions held during the last five years

2008

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee),

Director: Lafarge (until May 7, 2008), BNP Paribas

2007

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee)

Director: Lafarge, BNP Paribas

2006

Chairman of the Supervisory Board: L'Air Liquide S.A. (until May 10, 2006)
Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee) (from May 10, 2006); SOAEO (until January 2006)

Director: Lafarge, BNP Paribas

2005

Chairman of the Supervisory Board: L'Air Liquide S.A.
Director: SOAEO

Director: Lafarge, BNP Paribas

2004

Chairman of the Supervisory Board: L'Air Liquide S.A.

Director: SOAEO, Air Liquide International Corporation (United States), American Air Liquide Inc.

Director: Lafarge, BNP Paribas

Professeur 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, 2008: 1,343

Address

Am Molkenborn 6 - 55122 - Mainz – Germany

Studies and Career

Rolf Krebs studied medicine and obtained a MD 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 held during the last five years

2008

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee)

Chairman of the Supervisory Board: Epigenomics AG, Merz Pharmaceuticals GmbH & Co KGaA, E. Merck GmbH & KGaA, Senator GmbH & Co KGaA

Chairman: Ganymed Pharmaceuticals AG

Member of the Advisory Board: E. Merck OHG

2007

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee)

Chairman of the Supervisory Board: Epigenomics AG, Ganymed Pharmaceuticals AG, Merz Pharmaceuticals GmbH & Co KGaA, E. Merck GmbH & KGaA

Member of the Advisory Board: Apax Partners, Kaneas Capital GmbH, Lehman Brothers Limited, E. Merck OHG

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May 10, 2006)

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee) (from May 10, 2006)

Chairman of the Supervisory Board: Epigenomics AG, Ganymed Pharmaceuticals AG, Merz Pharmaceuticals GmbH & Co KGaA, E. Merck GmbH & KGaA

Member of the Supervisory Board: GEA Group AG (until January 2006), Vita 34 AG (until March 2006)

Member of the Advisory Board: Apax Partners, Deutsche Venture Capital, Weissheimer Malz GmbH, Lehman Brothers Limited, E. Merck OHG

2005

Member of the Supervisory Board: L'Air Liquide S.A.

Member of the Supervisory Board: Ganymed Pharmaceuticals AG, GEA Group AG, Vita 34 AG

Chairman of the Supervisory Board: Epigenomics AG

Member of the Advisory Board: Apax Partners, Deutsche Venture Capital, Weissheimer Malz GmbH, Lehman Brothers Limited, E. Merck OHG, Almirall Podesfarma S.A.

2004

Member of the Supervisory Board: L'Air Liquide S.A.

Member of the Supervisory Board: Ganymed Pharmaceuticals AG, mg technologies, Vita 34 AG

Chairman of the Supervisory Board: Epigenomics AG

Member of the Advisory Board: Apax Partners, Deutsche Venture Capital, Peters Associates, Weissheimer Malz GmbH

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, 2008: 3,318

Studies and 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 Derivatives 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-Rousselle 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 from 1997 to 2003, and Vice-President of Finance, Audit and Strategy between 2000 and 2003.

From May 2003 to September 30, 2008 Gérard de La Martinière was Chairman of the french Federation of insurance companies (FFSA). He was also Chairman of the Comité européen des assurances from June 2004 to June 2008.

Positions held during the last five years

2008

Director: L'Air Liquide S.A. (Chairman of the Audit and Accounts Committee)

Chairman: Fédération française des sociétés d'assurance (FFSA) (until September 30, 2008); Association française de l'assurance (AFA) (until September 30, 2008)
Vice-Chairman: Comité européen des assurances (from June 13, 2008)
Member of the Supervisory Board: Schneider Electric S.A. (Chairman of the Audit Committee)
Director: Banque d'Orsay
Member of the Supervisory Board: EFRAG

2007

Director: L'Air Liquide S.A. (Chairman of the Audit and Accounts Committee)

Chairman: Fédération française des sociétés d'assurances, Comité européen des assurances

Member of the Supervisory Board: Schneider Electric S.A. (Chairman of the Audit Committee)

Director: Banque d'Orsay

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May 10, 2006)

Director: L'Air Liquide S.A. (Chairman of the Audit and Accounts Committee) (from May 10, 2006)

Chairman: Fédération Française des Sociétés d'Assurances, Comité Européen des Assurances

Member of the Supervisory Board: Schneider Electric S.A. (Chairman of the Audit Committee)

2005

Member of the Supervisory Board: L'Air Liquide S.A.

Chairman: Fédération française des sociétés d'assurances, Comité européen des assurances

Director: Schneider Electric S.A.

Chairman of the Board of Directors: LCH. Clearnet Group Limited UK

2004

Member of the Supervisory Board: L'Air Liquide S.A.

Chairman: Fédération française des sociétés d'assurances, Comité européen des assurances

Director: Schneider Electric S.A.

Chairman of the Board of Directors: LCH. Clearnet Group Limited UK

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, 2008: 1,354

Business address

Jollenpad 10A - 1081 KC Amsterdam - The Netherlands

Studies and 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 held during the last five years

2008

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee)

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

2007

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee)

Director: Air France-KLM, Sara Lee Corporation, Reed Elsevier (until April 2007)
Member of the Supervisory Board: Royal Philips Electronics N.V., Heineken N.V., Akzo Nobel N.V. (until the end of June 2007)
Chairman of the Board of Directors: INSEAD

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May 10, 2006)

Director: L'Air Liquide S.A. (member of the Appointments Committee, member of the Remuneration Committee) (from May 10, 2006)
Member of the Supervisory Board: Akzo Nobel N.V., Royal Philips Electronics N.V., Heineken N.V.
Director: Air France-KLM, Reed Elsevier, Sara Lee Corporation
Chairman of the Board of Directors: INSEAD

2005

Member of the Supervisory Board: L'Air Liquide S.A.

Member of the Supervisory Board: Akzo Nobel N.V., Royal Philips Electronics N.V., Heineken N.V.
Director: Air France-KLM, Reed Elsevier, Sara Lee Corporation
Chairman of the Board of Directors: INSEAD

2004

Member of the Supervisory Board: L'Air Liquide S.A.

Member of the Supervisory Board: Akzo Nobel N.V., Royal Philips Electronics N.V., Heineken N.V.
Director: Air France-KLM, Reed Elsevier, Sara Lee Corporation
Chairman of the Supervisory Board: Central Bank of the Netherlands (until October)
Chairman of the Board of Directors: INSEAD

Béatrice Majnoni d'Intignano

Director

Born in 1942
Date of first appointment: 2002
Start of current term: 2006
End of current term: 2010
Number of shares owned as of December 31, 2008: 1,558

Studies and Career

Having graduated with a high-level teaching degree in economics in 1975, Béatrice Majnoni d'Intignano has been Professeur agrégé 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 a temporary consultant with the World Health Organization from 1980 to 2001.

She was also a member of the Economic Analysis Council of the French Prime minister from 1997 to 2007 and a member of Société d'économie politique. She is a member of the Editorial Committee of the magazine Commentaire.

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 held during the last five years

2008

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee)

Professor at the University of Paris XII – Créteil

2007

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee)

Professor at the University of Paris XII – Créteil
Member of the Economic Analysis Council
Director: AGF (member of the Remuneration and Agreements Committee) (until the end of half-year 2007)

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May 10, 2006)

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee) (from May 10, 2006)

Professor at the University of Paris XII – Créteil

Member of the Economic Analysis Council

Director: AGF (member of the Remuneration and Agreements Committee)

2005

Member of the Supervisory Board: L'Air Liquide S.A.

Professor at the University of Paris XII – Créteil
Member of the Economic Analysis Council
Director: AGF

2004

Member of the Supervisory Board: L'Air Liquide S.A.

Professor at the University of Paris XII – Créteil
Member of the Economic Analysis Committee
Director: AGF

Thierry Peugeot

Director

Born in 1957
Date of first appointment: 2005
Start of current term: 2006
End of current term: 2009*

* *Renewal of term proposed to the Shareholders' Meeting of May 7, 2009*

Number of shares owned as of December 31, 2008: 1,221

Business address

Peugeot S.A., 75 avenue de la Grande-Armée

75116 Paris Cedex 16

Studies and Career

A graduate from 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 has been Chairman of the Supervisory Board of Peugeot S.A. as of December 2002.

Positions held during the last five years

2008

Director: L'Air Liquide S.A.

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 Compagnie Industrielle de Delle on the LISI Board of Directors

2007

Director: L'Air Liquide S.A.

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 Compagnie Industrielle de Delle on the LISI Board of Directors

2006

Member of the Supervisory Board: L'Air Liquide S.A. (until May 10, 2006)

Director: L'Air Liquide S.A. (from May 10, 2006)

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 Compagnie Industrielle de Delle on the LISI Board of Directors

2005

Member of the Supervisory Board: L'Air Liquide S.A.

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 Compagnie Industrielle de Delle on the LISI Board of Directors

2004

Chairman of the Supervisory Board: Peugeot S.A.

Vice-Chairman: Etablissements Peugeot Frères

Director: AMC Promotion, Cie Industrielle de Delle, Faurecia, IP Est, La Française de Participations Financières, La Société Anonyme de Participations

Permanent representative of Compagnie Industrielle de Delle on the LISI Board of Directors

Paul Skinner

Director

Born in 1944
Date of first appointment: 2006
Start of current term: 2006
End of current term: 2010
Number of shares owned as of December 31, 2008: 1,210

Business address

Rio Tinto, 5 Aldermanbury Square - London EC2V 7HR - United Kingdom

Studies and 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 responsible for strategy and international marketing for Shell International Petroleum Co Ltd from 1996 to 1998. In 1998, he was appointed President of Shell Europe Oil Products. In 1999, he was appointed Chief Executive Officer of Royal Dutch/Shell's global Oil Products business and appointed a Group Managing Director of the Royal Dutch/Shell group from 2000 to 2003.
After his retirement from Shell, he was appointed as Chairman of Rio Tinto plc, the global mining company, in November 2003, and of Rio Tinto Ltd.

Positions held during the last five years

2008

Director: L'Air Liquide S.A. (member of the Audit and Accounts Committee from May 2008)

Chairman: Rio Tinto plc, Rio Tinto Ltd

Director: Standard Chartered plc, Tetra Laval Group
Member of the Board of Directors: INSEAD
Member of the Board: UK Ministry of Defence

2007

Director: L'Air Liquide S.A.

Chairman: Rio Tinto plc, Rio Tinto Ltd

Director: Standard Chartered plc, Tetra Laval Group
Member of the Board of Directors: INSEAD
Member of the Board: UK Ministry of Defence

2006

Director: L'Air Liquide S.A. (from May 10, 2006)

Chairman: Rio Tinto plc, Rio Tinto Ltd

Director: Standard Chartered plc, Tetra Laval Group
Member of the Board of Directors: INSEAD
Member of the Board: UK Ministry of Defence

2005

Chairman: Rio Tinto plc, Rio Tinto Ltd

Director: Standard Chartered plc, Tetra Laval Group
Member of the Board of Directors: INSEAD

2004

Chairman: Rio Tinto plc, Rio Tinto Ltd

Director: Standard Chartered plc
Member of the Board of Directors: INSEAD

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, 2008: 64,580

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Studies and 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 at the Bull Group, Jean-Claude Buono joined the Air Liquide group 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 14, 2001, he was appointed Member of the Management Board, and then Senior Executive Vice-President on May 10, 2006. During this time and until the end of his term of office on November 8, 2007, in addition to the Financial and Legal departments, Jean-Claude Buono has been responsible for some major operations in Europe and Asia.

Positions held during the last five years

2008

Director: L'Air Liquide S.A. (from May 2008), Air Liquide Welding, Air Liquide Santé International (until June 2008), Aqualung International, American Air Liquide Inc., Air Liquide International Corporation, Air Liquide Far Eastern Ltd.

Director, Senior Executive Vice-President: Air Liquide International

Director: Velecta Paramount, SNPE

2007

Senior Executive Vice-President: L'Air Liquide S.A. (until November 8, 2007)
Chairman and Chief Executive Officer: Air Liquide Welding (until March 2008)
Director, Senior Executive Vice-President: Air Liquide International
Director: Air Liquide Santé International, Aqualung International, American Air Liquide Inc., Air Liquide International Corporation, Air Liquide Far Eastern Ltd., Air Liquide Tunisie (until December 31, 2007)
Director: Velecta Paramount, SNPE

2006

Member of the Management Board: L'Air Liquide S.A. (until May 10, 2006)
Senior Executive Vice-President: L'Air Liquide S.A. (from May 10, 2006)
Chairman of the Board of Directors: SOAEO (until March 2006)
Chairman and Chief Executive Officer: Air Liquide Welding

Director, Senior Executive Vice-President: Air Liquide International
Vice-Chairman: Carba Holding (until September 2006)
Director: Air Liquide Santé International, Aqualung International, American Air Liquide Inc., Air Liquide International Corporation, Air Liquide Far Eastern Ltd., Air Liquide Tunisie
Director: Velecta Paramount, SNPE

2005

Member of the Management Board: L'Air Liquide S.A.
Chairman of the Board of Directors: SOAEO
Chairman and Chief Executive Officer: Air Liquide Welding, Air Liquide Asia Pte. Ltd.
Director, Senior Executive Vice-President: Air Liquide International
Vice-Chairman: Carba Holding
Director: American Air Liquide Inc., Air Liquide International Corporation, Air Liquide Santé International, Aqualung International, Air Liquide Far Eastern, Air Liquide Tunisie, Air Liquide Italia Srl. (until March 22, 2005), AL Air Liquide España (until June 22, 2005)
Director: Velecta Paramount, SNPE

2004

Member of the Management Board: L'Air Liquide S.A.
Chairman of the Board of Directors: SOAEO, Aqualung International
Chairman and Chief Executive Officer: Air Liquide Welding, Air Liquide Asia Pte. Ltd.
Director, Senior Executive Vice-President: Air Liquide International
Vice-Chairman: Carba Holding
Vice-Chairman and Director: Air Liquide International Corporation
Director: Air Liquide Santé International, Séchilienne-Sidec (until December 13, 2004), American Air Liquide Inc., Air Liquide Far Eastern, Air Liquide Tunisie, Air Liquide Italia Srl., AL Air Liquide España, Air Liquide US LLC (until June 17, 2004)
Director: Velecta Paramount, SNPE

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, 2008: 500

Business address

Essex Woodlands Health Ventures

717 Fifth Avenue, 14th Floor, Suite B

New York, NY 10022-USA

Studies and Career

Karen Katen, a United States citizen, is a graduate of the University of Chicago (BA and MBA). Culminating as Vice Chairman of Pfizer Inc. and President of Pfizer Human Health – the company's principal operating group – her distinguished career at Pfizer spanned more than 30 years since first joining in 1974. During that time, she played a major role in the introduction and launch of new drugs for the treatment of cardiovascular disease, mental illness, diabetes and cancer.

She also handled the integration of Warner Lambert which was purchased in 2000 and of Pharmacia, acquired in 2003. Retiring from Pfizer in March 2007, she was recently Chairman of the Pfizer Foundation.

Positions held during the last five years

2008

Director: L'Air Liquide S.A.
Director: General Motors Corporation, Harris Corporation, Home Depot, Catalyst, Armgo Pharmaceuticals,
Director: Rand Corporation's Health Board of Advisors, Economic Club of New York Board of Trustees
Chairman: Pfizer Foundation
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

2007

Senior Advisor: Essex Woodlands Health Ventures

Director: General Motors Corporation, Harris Corporation, Home Depot, Catalyst, Armgo Pharmaceuticals,
Director: Rand Corporation's Health Board of Advisors, Economic Club of New York Board of Trustees
Chairman: Pfizer Foundation
Council Chair, Corporate Advisory Council: The National Alliance for Hispanic Health
Trustee: University of Chicago
Council Member: University of Chicago Graduate School of Business

2006

Vice Chairman: Pfizer

President: Pfizer Human Health

Chairman: Pfizer Foundation

Director: General Motors Corporation, Harris Corporation, Catalyst,

Director: Rand Corporation's Health Board of Advisors, Economic Club of New York Board of Trustees

Council Chair, Corporate Advisory Council: The National Alliance for Hispanic Health

Treasurer: The Pharmaceutical Research and Manufacturers of America

Trustee: University of Chicago

Council Member: University of Chicago Graduate School of Business

2005

Vice Chairman: Pfizer

President: Pfizer Human Health

Director: General Motors Corporation, Harris Corporation, Catalyst,

Director: Rand Corporation's Health Board of Advisors, Economic Club of New York Board of Trustees

Council Chair, Corporate Advisory Council: The National Alliance for Hispanic Health

Trustee: University of Chicago

Council Member: University of Chicago Graduate School of Business

2004

Executive Vice President: Pfizer

President: Pfizer Pharmaceuticals Group

Director: General Motors Corporation, Harris Corporation, Catalyst, Rand Corporation's Health Board of Advisors

Council Chair, Corporate Advisory Council: The National Alliance for Hispanic Health

Trustee: University of Chicago

Council Member: University of Chicago Graduate School of Business

Klaus Schmieder

Senior Executive Vice-President

Born in 1948

Number of shares owned as of December 31, 2008: 7,915

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Studies and 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. He is currently in charge of Finance and Administration, European operations, the Industrial Merchant, Healthcare and Specialties world business lines and Welding/Diving activities.

Positions held during the last five years

2008

Senior Executive Vice-President: L'Air Liquide S.A.

Director: Air Liquide Deutschland GmbH (until September 30, 2008), Air Liquide Italia Srl. (until March 27, 2008), AL Air Liquide Espana (until February 28, 2008), Air Liquide Santé International, Carba Holding S.A., Air Liquide International (from August 4, 2008), Air Liquide Japan (from September 4, 2008)
Chairman and Chief Executive Officer: Air Liquide Finance (from August 4 to October 23, 2008), Air Liquide Welding (from June 2008)
Manager: Air Liquide Investissements (from July 31 to November 18, 2008)
Member of the Supervisory Board: Lurgi GmbH
Member of the Advisory Committee: Schülke & Mayr GmbH

Member of the Supervisory Board: Altana AG

2007

Senior Executive Vice-President: L'Air Liquide S.A.

Director: Air Liquide Deutschland GmbH, Air Liquide Italia Srl., AL Air Liquide España S.A., Air Liquide Santé International, Carba Holding S.A. (from October 2007)
Member of the Supervisory Board: Lurgi GmbH (from July 20, 2007)
Member of the Advisory Committee: Schülke & Mayr GmbH

Member of the Supervisory Board: Altana AG

2006

Member of the Management Board: L'Air Liquide S.A. (until May 10, 2006)
Senior Executive Vice-President: L'Air Liquide S.A. (from May 10, 2006)
Director: Air Liquide Deutschland GmbH, Air Liquide Italia Srl., AL Air Liquide España S.A.
Member of the Advisory Committee: Schülke & Mayr GmbH

Member of the Supervisory Board: Altana AG

2005

Member of the Management Board: L'Air Liquide S.A.

Vice-Chairman: Air Liquide GmbH
Director: Air Liquide Deutschland GmbH, Air Liquide Italia Srl., AL Air Liquide España S.A., MNS Nippon Sanso (until January 5, 2005)

Member of the Supervisory Board: Altana AG

2004

Member of the Management Board: L'Air Liquide S.A. (from May 12, 2004)

Member of the Supervisory Board: Altana AG
Director: MNS Nippon Sanso

Pierre Dufour

Senior Executive Vice-President

Born in 1955
Number of shares owned as of December 31, 2008: 26,592

Business address

Air Liquide, 75 quai d'Orsay – 75321 Paris Cedex 07

Studies and 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 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 Large Industries, Engineering, Research and Safety business lines in North and South America, Africa and the Middle-East.

Positions held during the last five years

2008

Senior Executive Vice-President: L'Air Liquide S.A.
Chairman and Director: Air Liquide Middle-East, Air Liquide Canada, Inc. (until January 7, 2008)
Chairman and Chief Executive Officer and director: American Air Liquide Holdings, Inc.
Chairman: Air Liquide Project Execution Group LLC
Director: VitalAire Canada, Inc. (until January 10, 2008)
Executive Vice-President of American Air Liquide Inc.

2007

Senior Executive Vice-President: L'Air Liquide S.A. (from November 27, 2007)
Chairman and Chief Executive Officer and director: American Air Liquide Holdings, Inc.
Chairman: Air Liquide Project Execution Group LLC
Chairman and director: Air Liquide Middle-East
Terms of office that expired in 2007/2008
Chairman and Chief Executive Officer: Air Liquide USA LLC (until November 19, 2007), Air Liquide USA LP LLC (until November 19, 2007), ALA LP LLC (until November 19, 2007)

Chairman and Chief Executive Officer: Air Liquide Electronics LP LLC (until November 19, 2007), Air Liquide LI LP LLC (until November 19, 2007), Air Liquide IC LP LLC (until November 19, 2007), AL America Holdings, Inc. (until November 19, 2007)

Director: Air Liquide Process & Construction, Inc. (until September 25, 2007), Air Liquide Healthcare America Corporation (until July 3, 2007), VitalAire Canada, Inc. (until January 10, 2008)

Chairman: Air Liquide USA GP LLC (until November 19, 2007), Air Liquide USA LP (until November 19, 2007)

Chairman and director: Air Liquide Canada Inc. (until January 7, 2008)

2006

Chairman and director: Air Liquide Middle-East; Air Liquide Canada, Inc.
Chairman: Air Liquide Advanced Technologies U.S. LLC (until January 1, 2006)
Chairman and Chief Executive Officer: Air Liquide Electronics LP LLC; Air Liquide USA LLC; Air Liquide USA LP LLC; Air Liquide IC LP LLC; Air Liquide LI LP LLC; ALA LP LLC
Director: Air Liquide Healthcare America Corporation; VitalAire Canada, Inc.; Air Liquide Process & Construction, Inc.
Chairman: Air Liquide Project Execution Group LLC; Air Liquide USA LP; Air Liquide USA GP LLC
Chairman and Chief Executive Officer and director: AL America Holdings, Inc.; American Air Liquide Holdings, Inc.

2005

Chairman and director: Air Liquide Middle-East; Air Liquide Canada, Inc.
Chairman: Air Liquide Advanced Technologies U.S. LLC; Air Liquide USA GP LLC; Air Liquide USA LP
Director: Air Liquide Healthcare America Corporation; Air Liquide Process & Construction, Inc.; VitalAire Canada, Inc.; AL America Holdings, Inc.
Chairman and Chief Executive Officer: Air Liquide USA LLC; Air Liquide USA LP LLC; ALA GP LLC (until January 1, 2005)
Chairman and Chief Executive Officer and director: American Air Liquide Holdings, Inc.
Vice-Chairman: LACONA Holdings, Inc. (until January 1, 2005)

2004

Chairman and director: Air Liquide Middle-East (from November 4, 2004); Air Liquide Canada, Inc.
Director: Air Liquide Healthcare America Corporation; Air Liquide Process & Construction, Inc.; VitalAire Canada, Inc; AL America Holdings, Inc.
Chairman and Chief Executive Officer: Air Liquide USA LLC; ALA GP LLC
Chairman and Chief Executive Officer and director: American Air Liquide Holdings, Inc.
Vice-Chairman: LACONA Holdings, Inc.

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. Their terms of office will expire following the General Shareholders' Meeting called to approve the 2009 financial statements.

REMUNERATION OF STATUTORY AUDITORS AND THEIR NETWORK

Fees reported in 2007 and 2008 by the Air Liquide Group for engagements awarded to the Statutory Auditors related to audit services were as follows:

	2008							
In thousands of euros	Ernst & Young		Mazars		Others		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%**
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%**

	2007							
In thousands of euros	Ernst & Young		Mazars		Others		Total	
Statutory audit, certification, review of individual and consolidated financial statements	4,858	78.4%	3,215	91.7%	561	27.9%	8,634	73.7%
Issuer	371		584		0		955	
Fully consolidated subsidiaries	4,487		2,631		561		7,679	
Other statutory audit engagements	694	11.2%	207	5.9%	21	1.0%	922	7.9%
Issuer	674		75		0		749	
Fully consolidated subsidiaries	20		132		21		173	
Total of audit services	**5,552**	**89.6%**	**3,422**	**97.6%**	**582**	**28.9%**	**9,556**	**81.6%**
Legal, employee and tax services	450	7.3%	55	1.6%	677	33.7%	1,182	10.1%
Other services	192	3.1%	30	0.8%	752	37.4%	974	8.3%
Total other services rendered by the network to the fully consolidated subsidiaries	**642**	**10.4%**	**85**	**2.4%**	**1,429**	**71.1%**	**2,156**	**18.4%**
TOTAL OF AUDITORS' REMUNERATION	**6,194**	**100.0%**	**3,507**	**100.0%**	**2,011**	**100.0%**	**11,712**	**100.0%**

Financial statements

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

For the year ended December 31

In millions of euros	*Notes*	2007	2008
Revenue	(4)	**11,801.2**	**13,103.1**
Purchase	(5)	(4,547.9)	(5,547.1)
Personnel expenses	(5)	(2,037.8)	(2,176.8)
Other income and expenses	(5)	(2,485.5)	(2,437.4)
Operating income recurring before depreciation and amortization		**2,730.0**	**2,941.8**
Depreciation and amortization expense	(5)	(935.9)	(992.8)
Operating income recurring		**1,794.1**	**1,949.0**
Other non-recurring operating expenses	(6)	(5.3)	(30.2)
Operating income		**1,788.8**	**1,918.8**
Net finance costs	(7)	(179.4)	(214.4)
Other net financial expenses	(7)	(54.3)	(55.9)
Income taxes	(8)	(411.8)	(401.5)
Share of profit of associates	(16)	26.7	24.8
Profit for the period		**1,170.0**	**1,271.8**
Minority interests	(9)	46.9	51.8
Net profit (Group share)		**1,123.1**	**1,220.0**
Basic earnings per share *(in euros)*	(10)	**4.26**	**4.70**
Diluted earnings per share *(in euros)*	(10)	**4.22**	**4.67**

Accounting principles and notes to the consolidated financial statements begin on page 126.

CONSOLIDATED BALANCE SHEET

As of December 31

Assets

In millions of euros	*Notes*	December 31, 2007	December 31, 2008
Non-current assets			
Goodwill	(12)	3,642.7	3,956.2
Other intangible assets	(13)	706.0	716.0
Property, plant and equipment	(14)	8,392.2	9,520.1
		12,740.9	**14,192.3**
Other non-current assets			
Non-current financial assets	(15)	220.6	216.4
Investments in associates	(16)	140.3	142.8
Deferred tax assets	(17)	357.6	353.0
		718.5	**712.2**
TOTAL NON-CURRENT ASSETS		**13,459.4**	**14,904.5**

Current assets			
Inventories and work-in-progress	(18)	795.9	818.3
Trade receivables	(19)	2,738.3	2,871.3
Other current assets	(20)	465.0	462.3
Current tax assets		36.7	54.7
Fair value of derivatives (assets)	(28)	69.5	230.7
Cash and cash equivalents	(21)	726.9	1,262.9
TOTAL CURRENT ASSETS		**4,832.3**	**5,700.2**
TOTAL ASSETS		**18,291.7**	**20,604.7**

Equity and liabilities

In millions of euros	*Notes*	December 31, 2007	December 31, 2008
Shareholders' equity			
Share capital		1,313.6	1,435.1
Additional paid-in capital		5.9	18.4
Retained earnings		4,100.7	4,294.1
Treasury shares		(215.0)	(110.8)
Net profit (Group share)		1,123.1	1,220.0
		6,328.3	**6,856.8**
Minority interests		**148.1**	**148.8**
TOTAL EQUITY [(a)]	(22)	**6,476.4**	**7,005.6**
Non-current liabilities			
Provisions, pensions and other employee benefits	(23, 24)	1,718.6	1,624.5
Deferred tax liabilities	(17)	1,037.0	1,012.0
Non-current borrowings	(25)	4,992.7	6,205.2
Other non-current liabilities	(26)	163.0	193.4
TOTAL NON-CURRENT LIABILITIES		**7,911.3**	**9,035.1**
Current liabilities			
Provisions, pensions and other employee benefits	(23, 24)	168.9	244.8
Trade payables	(27)	1,680.7	1,885.8
Other current liabilities	(26)	1,436.8	1,514.8
Current tax payables		187.4	153.3
Current borrowings	(25)	371.5	611.4
Fair value of derivatives (liabilities)	(28)	58.7	153.9
TOTAL CURRENT LIABILITIES		**3,904.0**	**4,564.0**
TOTAL EQUITY AND LIABILITIES		**18,291.7**	**20,604.7**

(a) A breakdown of changes in equity and minority interests is presented on pages 124 and 125.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31

In millions of euros	2007	2008
Operating activities		
Net profit (Group share)	**1,123.1**	**1,220.0**
Minority interests	**46.9**	**51.8**
Adjustments:		
■ Depreciation and amortization	935.9	992.8
■ Changes in deferred taxes	(0.2)	3.8
■ Increase (decrease) in provisions	15.9	(36.6)
■ Share of profit of associates (less dividends received)	(6.0)	(10.7)
■ Profit/loss on disposal of assets	(61.2)	(14.4)
Cash flow from operating activities before changes in working capital	**2,054.4**	**2,206.7**
Changes in working capital	93.6	127.9
Other	(45.9)	(41.7)
Net cash from operating activities	**2,102.1**	**2,292.9**
Investing activities		
Purchases of property, plant and equipment and intangible assets	(1,359.3)	(1,908.3)
Acquisition of subsidiaries and financial assets	(1,308.2)	(242.3)
Proceeds from sale of property, plant and equipment and intangible assets	193.7	50.5
Proceeds from sale of financial assets	6.1	7.5
Net cash used in investing activities	**(2,467.7)**	**(2,092.6)**
Financing activities		
Dividends paid		
■ L'Air Liquide S.A.	(496.9)	(550.8)
■ Minority interests	(33.3)	(39.0)
Proceeds from issues of share capital	91.4	44.5
Purchase of treasury shares	(533.9)	(168.2)
Increase (decrease) in borrowings	1,111.3	1,042.0
Net cash from (used in) financing activities	**138.6**	**328.5**
Effect of exchange rate changes and change in scope of consolidation	59.9	(41.2)
Net increase (decrease) in cash and cash equivalents	**(167.1)**	**487.6**
NET CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**821.0**	**653.9**
NET CASH AND CASH EQUIVALENTS AT END OF PERIOD	**653.9**	**1,141.5**

The analysis of net cash and cash equivalents at the end of the period is as follows:

In millions of euros	2007	2008
Cash and cash equivalents	726.9	1 262.9
Bank overdrafts (included in current borrowings)	(73.0)	(121.4)
Net cash and cash equivalents	**653.9**	**1 141.5**

Net indebtedness calculation

In millions of euros	2007	2008
Non-current borrowings (long-term debt)	(4,992.7)	(6,205.2)
Current borrowings (short-term debt)	(371.5)	(611.4)
TOTAL GROSS INDEBTEDNESS	**(5,364.2)**	**(6,816.6)**
Cash and cash equivalents	**726.9**	**1,262.9**
Derivative instruments (assets) - fair value hedge of borrowings		116.2
Derivative instruments (liabilities) - fair value hedge of borrowings	(22.9)	(46.9)
TOTAL NET INDEBTEDNESS AT THE END OF THE PERIOD	**(4,660.2)**	**(5,484.4)**

Statement of changes in net indebtedness

In millions of euros	2007	2008
Net indebtedness at the beginning of the period	**(3,446.6)**	**(4,660.2)**
Net cash from operating activities	2,102.1	2,292.9
Net cash used in investing activities	(2,467.7)	(2,092.6)
Net cash used in financing activities excluding increase (decrease) in borrowings	(972.7)	(713.5)
Total net cash flow	**(1,338.3)**	**(513.2)**
Effect of exchange rate changes, change in scope of consolidation and others	124.7	(311.0)
Change in net indebtedness	**(1,213.6)**	**(824.2)**
NET INDEBTEDNESS AT THE END OF THE PERIOD	**(4,660.2)**	**(5,484.4)**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31

In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	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**
Profit for the period			1,220.0				1,220.0	51.8	1,271.8
Fair value variation of financial instruments				(27.5)			(27.5)		(27.5)
Change in foreign currency translation reserve					(5.3)		(5.3)	8.0	2.7
Total income and expenses for the period			**1,220.0**	**(27.5)**	**(5.3)**		**1,187.2**	**59.8**	**1,247.0**
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 [(d)]	(16.0)	(10.4)	(245.9)			272.3			
Purchase of treasury shares [(d)]						(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 [(c)]			0.1	4.3	(13.1) [(e)]	(8.8)
Equity and minority interests as of December 31, 2008	**1,435.1** [(a)]	**18.4** [(b)]	**6,268.4**	**(16.3)**	**(738.0)**	**(110.8)** [(d)]	**6,856.8**	**148.8**	**7,005.6**

(a) Share capital as of December 31, 2008 amounted to 260,922,348 shares at a par value of 5.50 euros. During the fiscal year, in addition to the cancellation of treasury shares (see (d)), movements affecting share capital were as follows:
- creation of 773,842 shares in cash, each with a par value of 5.50 euros, resulting from the exercise of options;
- share capital increase by capitalization of reserves and allocation of 24,220,146 bonus shares at a rate of one new share for ten former shares. This share capital increase was performed by deducting (14.3) million euros from "Issue premiums" and (118.9) million euros from "Retained earnings". The "Retained earnings" heading is included in reserves in the statement of changes in equity shown above;

(b) The "Issue premiums" heading was increased by the amount of issue premiums relating to these capital increases i.e. 37.2 million euros and was capitalized in the amount of (14.3) million euros. The heading was also reduced by issue premiums relating to the cancellation of treasury shares for (10.4) million euros.

(c) The increase in reserves mainly corresponds to the cancellation of dividends relating to treasury shares.

(d) The total number of treasury shares amounts to 1,441,716 as of December 31, 2008 (including 1,183,385 held by L'Air Liquide S.A.). During the fiscal year, movements affecting treasury shares were as follows:
- cancellation of 2,916,350 shares each with a par value of 5.50 euros;
- allotment of 49,322 bonus shares;
- acquisition of 1,967,094 shares at an average price of 85.50 euros.
In addition, a total of (245.9) million euros relating to the cancellation of treasury shares was deducted from reserves.

(e) This amount mainly consists of changes in the scope of consolidation:
in 2008:
- buyout of Air Liquide Hangzhou Co., Ltd minority interests;
- change to full consolidation for EVC Dresden – Wilschdorf GmbH & Co. KG and Zweite EVC Dresden – Wilschdorf GmbH & Co. KG following their take-over;
- buyout of the minority interests of a subsidiary of Singapore Oxygen Air Liquide Pte Ltd.
in 2007:
- buyout of the Japan Air Gases minority interests in the amount of (137.5) million euros;
- buyout of the Air Liquide Tianjin Co., Ltd minority interests in AL China in the amount of (6.6) million euros;
- purchase of 50% of the SOXAL sub-group by SOAEO S.A. in the amount of +8.9 million euros.

In millions of euros	Share capital	Additional paid-in capital	Retained earnings (including net profit)	Net income recognized directly in equity	Translation reserves	Treasury shares	Shareholders' equity	Minority interests	Total equity
Equity and minority interests as of January 1, 2007	**1,332.6**	**75.3**	**5,577.6**	**3.6**	**(574.8)**	**(128.5)**	**6,285.8**	**281.0**	**6,566.8**
Profit for the period			1,123.1				1,123.1	46.9	1,170.0
Fair value variation of financial instruments				7.6			7.6		7.6
Change in foreign currency translation reserve					(157.9)	(0.2)	(158.1)	(9.8)	(167.9)
Total income and expenses for the period			**1,123.1**	**7.6**	**(157.9)**	**(0.2)**	**972.6**	**37.1**	**1,009.7**
Increase (decrease) in share capital	9.0	79.9					88.9	2.5	91.4
Distribution			(496.9)				(496.9)	(33.3)	(530.2)
Cancellation of treasury shares	(28.0)	(149.3)	(270.3)			447.6			
Purchase of treasury shares						(533.9)	(533.9)		(533.9)
Share options			12.9				12.9		12.9
Put options granted to minority shareholders								(1.1)	(1.1)
Other			(1.1)				(1.1)	(138.1) [e]	(139.2)
Equity and minority interests as of December 31, 2007	**1,313.6**	**5.9**	**5,945.3**	**11.2**	**(732.7)**	**(215.0)**	**6,328.3**	**148.1**	**6,476.4**

ACCOUNTING PRINCIPLES

BASIS FOR PREPARATION OF THE 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, 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union as of December 31, 2008, 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 endorsed by the European Union are available at the following website:

http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission

The 2007 and 2008 financial information has been prepared in accordance with all the IAS/IFRS standards and SIC/IFRIC interpretations endorsed by the European Union that must be applied for the period ended December 31, 2008. Among the new standards, amendments to existing standards or new interpretations published by the IASB whose application is not mandatory in 2008 within the European Union, only IFRS8 was adopted in advance as of December 31, 2008.

The financial statements are presented in millions of euros. They were approved by the Board of Directors on February 13, 2009 and will be submitted for approval to the Annual General Meeting on May 7, 2009.

NEW IFRS AND INTERPRETATIONS

1. STANDARDS, INTERPRETATIONS AND AMENDMENTS WHOSE APPLICATION IS MANDATORY AS OF JANUARY 1, 2008

IFRIC11 "Group and Treasury Share Transactions", published on November 2, 2006 and applicable to fiscal years beginning on or after March 1, 2007, has no impact on the Group consolidated financial statements as of December 31, 2008.

Amendments to IAS39 "Financial Instruments: Recognition and Measurement" and IFRS7 "Financial Instruments: Disclosures", published on October 13, 2008 and applicable as of July 1, 2008, have no impact on the Group consolidated financial statements as of December 31, 2008.

2. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE EUROPEAN UNION WHOSE APPLICATION IS OPTIONAL IN 2008

2.1. Optional standards, interpretations and amendments adopted by the Group as of January 1, 2008

As of December 31, 2008, the Air Liquide Group opted for the early adoption of IFRS8 "Operating Segments". The Group operating segments are described in Note 3 and in Segment reporting on page 133. These 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.

In accordance with the provisions of first-time adoption, the comparative information was restated.

2.2. Optional standards, interpretations and amendments not applied by the Group as of January 1, 2008

With the exception of IFRS8, the Group financial statements for the year ended December 31, 2008 do not include any potential impacts from the standards, interpretations and amendments adopted by the European Union as of December 31, 2008, whose adoption is only mandatory as of fiscal years beginning after December 31, 2008.

These standards, interpretations and amendments are as follows:

- IFRIC14 "IAS19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", published on July 5, 2007, covering the method used to recognize assets relating to surpluses. The first-time adoption of this interpretation will not have a material impact on the Group financial statements;
- IFRIC13 "Customer Loyalty Programmes", published on June 28, 2007. This interpretation does not apply to the Group activities;
- amendment to IAS23 "Borrowing Costs", published on March 29, 2007. IAS23 amended will not have an impact on the financial statements insofar as the Group opted to capitalize borrowing costs at the time of the IFRS transition;
- amendment to IFRS2 "Share-based Payment", published on January 17, 2008. The amendment to IFRS2 will not have an impact on the Group financial statements;
- amendment to IAS1 "Presentation of Financial Statements", published on September 6, 2007. The amendment to IAS1 will only impact the disclosures in the Notes to the financial statements.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET ADOPTED BY THE EUROPEAN UNION

Of the texts published by the IASB on December 31, 2008 and not yet adopted by the European Union as of this date, only the following could have an impact on the Group financial statements:

- IFRS3 revised "Business Combinations", published on January 10, 2008;
- improvements to IFRSs "A collection of Amendments to International Financial Reporting Standards", published on May 22, 2008. The following amendment could result in changes to presentation, recognition or measurement:
  - IAS19 "Employee Benefits", which covers "Curtailments and negative past service cost", "Plan administration

costs", "Replacement of the term 'fall due'" and "Guidance on contingent liabilities".

The following texts published by the IASB on December 31, 2008 and not in force in the European Union should not have a material impact on the Group financial statements:

- amendments to IAS27 "Consolidated and Separate Financial Statements", published on January 10, 2008 and May 22, 2008;
- amendments to IAS1 "Presentation of Financial Statements" and IAS32 "Financial Instruments: Presentation", published on February 14, 2008;
- IFRS1 revised "First-time Adoption of International Financial Reporting Standards" and the amendment to IFRS1, published on November 27, 2008 and May 22, 2008, respectively;
- other improvements to IFRSs - "A collection of amendments to international financial reporting standards", published on May 22, 2008:
  - IFRS5 "Non-current Assets Held for Sale and Discontinued Operations", which covers "Plan to sell the controlling interest in a subsidiary",
  - IAS1 "Presentation of Financial Statements", which covers "Current/non-current classification of derivatives",
  - IAS28 "Investments in Associates", which covers "Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss", and "Impairment of investment in associate",
  - IAS39 "Financial Instruments: Recognition and Measurement", which covers "Reclassification of financial instruments into or out of the classification of at fair value through profit or loss", "Designating and documenting hedges at the segment level", and "Applicable effective interest rate on cessation of fair value hedge accounting",
  - IAS16 "Property, Plant and Equipment", which covers "Recoverable amount" and "Sale of assets held for rental",
  - IAS20 "Accounting for Government Grants and Disclosure of Government Assistance", which covers "Government loans with a below-market rate of interest",
  - IAS23 "Borrowing Costs", which covers "Components of borrowing costs",
  - IAS27 "Consolidated and Separate Financial Statements", which covers "Measurement of subsidiary held for sale in separate financial statements",
  - IAS31 "Interests in Joint Ventures", which covers "Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit or loss",
  - IAS29 "Financial Reporting in Hyperinflationary Economies", which covers "Description of the measurement method in the financial statements",
  - IAS36 "Impairment of Assets", which covers "Disclosure of estimates used to determine recoverable amounts",
  - IAS38 "Intangible Assets", which covers "Advertising and promotional activities" and "Unit of production method of amortization",
  - IAS40 "Investment Property", which covers "Property under construction or development for future use as investment property",
  - IAS41 "Agriculture";
- amendment to IAS39 "Financial Instruments: Recognition and Measurement", published on July 31, 2008;
- amendment to IAS39 "Financial Instruments: Recognition and Measurement", published on November 27, 2008;
- IFRIC12 "Service Concession Arrangements", published on November 30, 2006;
- IFRIC15 "Agreements for the Construction of Real Estate", published on July 3, 2008;
- IFRIC16 "Hedges of a Net Investment in a Foreign Operation", published on July 3, 2008;
- IFRIC17 "Distributions of non-cash Assets to Owners", published on November 27, 2008.

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: 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 24.2. and 24.4.;
- the estimations and assumptions concerning asset impairment tests, as described in paragraph 5.F. and in Note 12.2.;
- 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 (with the exception of the impact of the first-time adoption of IFRS8).

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 company 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 the translation reserve 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. Pending the adoption of the revised IFRS3, 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 insure 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 individualized and reliably monitored;
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- 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 expenditures are 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 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 it relates to the financing of major industrial projects over a twelve-month period, or longer.

When parts of an item of property, plant and equipment have different useful lives, they are accounted 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, the Group combines the market multiples approach (fair value less costs to sell) and 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 again becomes higher than the carrying amount, 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 as of December 31. 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, 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 the 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 price 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 (options) 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 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 net financial 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 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.

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.

Under current standards and interpretations, and pending the implementation of IFRS3 revised, the Group has elected to recognize in goodwill the consideration for 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 meeting 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 laws and regulations applicable in each country as well as 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 deferred actuarial gains and losses relating to employee benefits recorded in the balance sheet as of January 1, 2004, the transition date.

The actuarial gains and losses generated after January 1, 2004 are recognized in the income statement using the corridor approach. Under this method, actuarial gains and losses exceeding the greatest of 10% of the present value of the defined benefit obligation 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.

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 using 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 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 share options to management and some employees. Employees also benefit from conditional share allocations. In accordance with IFRS2, share options and conditional share allocations are measured at fair value at 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.

Under the option available under IFRS1, IFRS2 has only been applied to share option plans granted after November 7, 2002 and not vested as of January 1, 2004.

The dilution effect of non-vested share 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 year by year 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 for the supplementary obligation to deliver allowances not covered by the rights received.

BASES OF PRESENTATION OF 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 Gas and Services activity is organized by geographical area, which is the level responsible 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 worldwide. 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 on 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 is not material and therefore is 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", 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 paragraph 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, 2008

NOTE 1 - MAJOR EVENTS

1.1. 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.

1.2. Major events in 2007

- On March 1, 2007, the Air Liquide Group acquired 45% of Japan Air Gases Ltd (JAG), previously owned by Linde, for 578 million euros. Following this transaction, the Group owned 100% of Japan Air Gases and goodwill of 472 million euros was recorded. As the Group previously exercised control over JAG, the difference between the acquisition price and the share of net equity acquired was fully recorded in goodwill.
- On April 27, 2007, Air Liquide purchased the partners' interests in four joint venture companies in South East Asia:
  - 50% of Singapore Oxygen Air Liquide Pte Ltd (Singapore) of which Air Liquide already owned 50%;
  - 50% of Eastern Industrial Gases Ltd (Thailand) of which Air Liquide already owned 50%;
  - 50% of Vietnam Industrial Gases (Vietnam) of which Air Liquide already owned 50%;
  - 25% of Brunei Oxygen (Sultanate of Brunei) of which Air Liquide already owned 25%. The remaining capital is held by QAF Investment, a local partner.

  At the same time, Air Liquide sold its 16.6% interest in Malaysian Oxygen Bhd in Malaysia and its 50% interest in Hong Kong Oxygen Group, located in Hong Kong and the Canton region, to Linde.

  On this basis, the net cash flow arising from these acquisitions and disposals amounted to 275 million euros.
- Following the approval from the various competitive authorities, the Air Liquide Group finalized the acquisition of 100% of the engineering firm Lurgi AG from Global Engineering Alliance (GEA group) on July 20, 2007.

  This acquisition, financed by borrowing, totaled 572 million euros corresponding to the enterprise value and the transfer of advances received by customers (less retirement and similar obligations).
- In the United Kingdom, Air Liquide acquired 100% of Linde Gas UK on May 31, 2007 and 100% of the respiratory homecare business of Allied Healthcare (Allied Respiratory Ltd) on October 1, 2007. These acquisitions totaled 148 million euros.

NOTE 2 - IMPACT OF MAIN BUSINESS COMBINATIONS ON THE FINANCIAL STATEMENTS

2.1. 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 concern the Lurgi group:

IMPACTS ON THE BALANCE SHEET AS OF DECEMBER 31, 2008

In millions of euros	Lurgi
Assets	
Goodwill	75.7
Other intangible assets	12.5
Property, plant and equipment	7.5
Non-current financial assets	(5.3)
Inventories and work-in-progress	0.3
Trade receivables	(52.3)
Other current assets	30.3
TOTAL	**68.7**
Liabilities	
Provisions, pensions and other employee benefits	40.5
Trade payables	3.9
Deferred tax liabilities	9.2
Other current liabilities	15.1
TOTAL	**68.7**

2.2. Impact of main business combinations on the 2007 financial statements

GOODWILL AS OF DECEMBER 31, 2007

In millions of euros	Lurgi	Acquisitions in South East Asia	Linde Gas UK and Allied Respiratory Ltd
Acquisition of subsidiaries and financial assets (including acquisition costs)	580.7	398.2	148.9
Share of net equity acquired	(215.4)	(79.7)	(38.4)
Recognition of liabilities and contingent liabilities	82.6		
Allocation to intangible assets	(200.6)	(90.5)	(54.1)
Allocation to property, plant and equipment		(34.6)	(27.2)
Tax-related impact of these allocations	66.2	22.7	24.4
Goodwill after allocation	**313.5**	**216.1**	**53.6**
Other (impact of foreign currency translation)	(5.7)	(6.3)	(2.6)
Goodwill as of December 31, 2007 (a)	**307.8**	**209.8**	**51.0**

(a) In accordance with IFRS3, this was a temporary determination of the fair value of assets and liabilities acquired. The final determination had to be finalized within twelve months following the date of each acquisition.

Goodwill mainly corresponds to the valuation of the expected synergies and growth.

MAIN IMPACTS ON THE BALANCE SHEET AS OF DECEMBER 31, 2007

In millions of euros	**Lurgi**	**Acquisitions in South East Asia**	**Linde Gas UK and Allied Respiratory Ltd**
Assets			
Goodwill	315.4	209.8	51.0
Intangible assets	199.6	88.7	48.5
Property, plant and equipment	7.9	138.2	69.8
Deferred tax assets	19.5		
Cash and cash equivalents	621.2	3.6	3.7
Liabilities			
Provisions, pensions and other employee benefits	332.9	0.1	
Deferred tax liabilities		31.4	27.8
Gross debt	2.3	19.4	

MAIN IMPACTS ON THE INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2007 [(a)]

In millions of euros	**Lurgi**	**Acquisitions, net of disposals, in South East Asia**	**Linde Gas UK and Allied Respiratory Ltd**
Revenue	361.1	60.2	40.2
Operating income recurring	0.6	13.0	6.4
Profit for the period [(b)] [(c)]	3.3	3.4	0.5
Minority interests		(0.3)	
Net profit (Group share)	3.3	3.7	0.5

(a) For acquisitions: period between the acquisition date and December 31, 2007. For disposals: period between January 1, 2007 and the disposal date.
(b) Net finance costs and profit for the period included the interest expenses related to the financing of these acquisitions (including tax).
(c) Profit for the period did not include the capital gains arising from the sales of interests in Malaysia Oxygen Bhd (Malaysia) and Hong Kong Oxygen Group (Hong Kong). See Note 6.

MAIN IMPACTS ON THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2007

In millions of euros	**Lurgi**	**Acquisitions, net of disposals, in South East Asia**	**Linde Gas UK and Allied Respiratory Ltd**
Acquisition of subsidiaries and financial assets net of proceeds from sale of property, plant and equipment (including acquisition costs)	(9.7)	275.0	143.9

NOTE 3 - SEGMENT INFORMATION

Income statement

2008	Gas and Services				Engineering/ Construction	Other activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa				
Revenue	**6,105.1**	**2,659.7**	**2,065.8**	**197.0**	**1,080.8**	**994.7**		**13,103.1**
Segment revenue					*676.6*		*(676.6)*	
Operating income recurring	**1,130.3**	**441.7**	**326.4**	**50.3**	**52.4**	**121.9**	**(174.0)**	**1,949.0**
Incl. depreciation and amortization	*(517.0)*	*(247.8)*	*(157.1)*	*(15.3)*	*(27.8)*	*(23.4)*	*(4.4)*	*(992.8)*
Other non-recurring operating expenses								(30.2)
Net finance costs								(214.4)
Other net financial expenses								(55.9)
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)	(39.7)	(32.1)	25.5	(1,908.3)

2007	Gas and Services				Engineering/ Construction	Other activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa				
Revenue	**5,451.8**	**2,516.9**	**1,851.3**	**178.5**	**831.1**	**971.6**		**11,801.2**
Segment revenue					*343.3*		*(343.3)*	
Operating income recurring	**1,055.9**	**417.3**	**291.8**	**46.2**	**43.6**	**117.6**	**(178.3)**	**1,794.1**
Incl. depreciation and amortization	*(481.9)*	*(253.5)*	*(141.5)*	*(14.6)*	*(17.4)*	*(21.8)*	*(5.2)*	*(935.9)*
Other non-recurring operating expenses								(5.3)
Net finance costs								(179.4)
Other net financial expenses								(54.3)
Income taxes								(411.8)
Share of profit of associates								26.7
Profit for the period								**1,170.0**
Purchase of intangible assets and property, plant and equipment	(651.8)	(291.2)	(318.2)	(49.8)	(11.0)	(30.4)	(6.9)	(1,359.3)

Balance sheet

2008	Gas and Services				Engineering/ Construction	Other activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa				
Segment assets	**8,722.1**	**3,464.5**	**4,072.3**	**348.5**	**1,095.6**	**764.7**	**92.9**	**18,560.6**
Goodwill	2,073.0	479.9	1,066.9	49.0	182.6	104.8		3,956.2
Intangible assets and property, plant and equipment	4,794.9	2,539.1	2,233.8	202.9	279.5	161.5	24.4	10,236.1
Other segment assets	1,854.2	445.5	771.6	96.6	633.5	498.4	68.5	4,368.3
Non-segment assets								2,044.1
Total assets								**20,604.7**
Segment liabilities	**2,212.0**	**492.9**	**592.7**	**61.8**	**1,633.9**	**237.6**	**232.4**	**5,463.3**
Non-segment liabilities								8,135.8
Equity including minority interests								7,005.6
Total equity and liabilities								**20,604.7**

2007	Gas and Services				Engineering/ Construction	Other activities	Reconciliation	Total
In millions of euros	Europe	Americas	Asia-Pacific	Middle-East and Africa				
Segment assets	**8,279.3**	**3,136.9**	**3,134.0**	**255.4**	**1,269.4**	**740.4**	**145.3**	**16,960.7**
Goodwill	1,923.2	335.9	886.3	39.5	355.3	102.5		3,642.7
Intangible assets and property, plant and equipment	4,532.5	2,355.0	1,591.5	143.1	257.9	152.1	66.1	9,098.2
Other segment assets	1,823.6	446.0	656.2	72.8	656.2	485.8	79.2	4,219.8
Non-segment assets								1,331.0
Total assets								**18,291.7**
Segment liabilities	**2,160.6**	**482.3**	**503.8**	**55.3**	**1,501.5**	**251.1**	**213.4**	**5,168.0**
Non-segment liabilities								6,647.3
Equity including minority interests								6,476.4
Total equity and liabilities								**18,291.7**

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

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.

2007	France	Europe excl. France	Americas	Asia-Pacific	Middle-East and Africa	Total
In millions of euros						
Revenue	**2,578.6**	**4,306.8**	**2,771.3**	**1,966.0**	**178.5**	**11,801.2**
Non-current assets [(a)]	**1,288.0**	**5,896.9**	**2,868.8**	**2,619.6**	**207.9**	**12,881.2**
Incl. investments in associates	*6.8*	*13.5*	*3.8*	*90.1*	*26.1*	*140.3*

(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, the Group's leading customer only represents 2% of Air Liquide's revenue.

NOTE 4 - REVENUE

In millions of euros	2007	%	2008	%
Gas and Services	9,998.5	85%	11,027.6	84%
Engineering/Construction	831.1	7%	1,080.8	8%
Other activities	971.6	8%	994.7	8%
TOTAL	**11,801.2**	**100%**	**13,103.1**	**100%**

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 principal 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.

Consolidated revenue for the year ended December 31, 2007 totaled 11,801.2 million euros, up 7.8% from 2006. The increase was 7.6% on a comparable basis, after adjustment for the cumulative impact of foreign exchange fluctuations, natural gas prices and principal changes in the consolidation scope:

- foreign exchange rate fluctuations represented -332 million euros in 2007, for an impact of -3.0% on consolidated revenue. The impact was primarily due to the appreciation of the euro against the US dollar and the yen;
- in 2007, natural gas prices had an impact of -6 million euros excluding foreign exchange fluctuations, for a contribution of -0.1% 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 361 million euros, or 3.3% of Group revenue.

NOTE 5 - OPERATING INCOME RECURRING AND EXPENSES

Operating income recurring and expenses include purchase, personnel expenses, depreciation and amortization and other income and expenses.

Most of the Group purchases include electricity, natural gas and industrial and medical products.

5.1. Personnel expenses

In millions of euros	2007	2008
Wages and social charges	(1,975.2)	(2,109.1)
Defined contribution pension plans	(17.6)	(17.9)
Defined benefit pension plans	(32.1)	(35.3)
Share-based payments	(12.9)	(14.5)
TOTAL	**(2,037.8)**	**(2,176.8)**

Fully and proportionately consolidated companies employed 43,000 individuals as of December 31, 2008 (40,300 individuals as of December 31, 2007). The number of employees in Asia continued to increase in 2008. Furthermore, this rise in the number of employees included 800 individuals from acquired or newly consolidated companies.

5.2. Other recurring income and expenses

Other recurring expenses primarily include transport and distribution costs, sub-contracting costs, operating lease installments and insurance premiums.

Other recurring income is not material.

5.3. Research and Development expenditures

In 2008, innovation costs amounted to 224.2 million euros (191.7 million euros in 2007) including Research and Development costs of 160.1 million euros (134.1 million euros in 2007).

The 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.

5.4. Depreciation and amortization expense

In millions of euros	2007	2008
Intangible assets	(67.2)	(84.1)
Property, plant and equipment (PP&E) [(a)]	(868.7)	(908.7)
TOTAL	**(935.9)**	**(992.8)**

(a) Including the depreciation charge after deduction of investment grants released to profit.

NOTE 6 - OTHER NON-RECURRING OPERATING EXPENSES

In millions of euros	2007	2008
Expenses		
Reorganization, restructuring and integration costs	(43.6)	(14.0)
Provision for major customer risks		(20.9)
Other	(10.8)	(3.5)
TOTAL OTHER NON-RECURRING OPERATING EXPENSES	**(54.4)**	**(38.4)**
Income		
Capital gains on disposals of PP&E and investments	49.1	0.2
Other		8.0
TOTAL OTHER NON-RECURRING OPERATING INCOME	**49.1**	**8.2**
TOTAL	**(5.3)**	**(30.2)**

In 2008 and 2007, 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 integration costs of the companies acquired in 2008 and 2007 were also included.

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.

As of December 31, 2007, capital gains realized from disposals of property, plant and equipment and financial investments primarily related to the disposals of interests in Malaysia Oxygen Bhd (Malaysia) and Hong Kong Oxygen Group (Hong Kong) to Linde.

NOTE 7 - NET FINANCE COSTS AND OTHER NET FINANCIAL EXPENSES

7.1. Net finance costs

In millions of euros	2007	2008
Finance costs	(210.0)	(244.8)
Financial income from short-term investments and loans	30.6	30.4
TOTAL	**(179.4)**	**(214.4)**

7.2. Other net financial expenses

In millions of euros	2007	2008
Other financial income	20.9	25.5
Financial expenses related to employee benefits	(49.0)	(58.1)
Other financial expenses	(26.2)	(23.3)
TOTAL	**(54.3)**	**(55.9)**

The increase in net finance costs between 2007 and 2008 primarily reflected the increase in the Group's debt during 2008.

Capitalized finance costs totaled 23.8 million euros in 2008 (18.5 million euros in 2007).

The impact of the revaluation of derivative instruments is included in "Other financial expenses", in accordance with accounting principles described in paragraph 6.E.

NOTE 8 - INCOME TAXES

8.1. Income taxes

In millions of euros	2007	2008
Current tax		
Income tax expense payable	(417.3)	(398.2)
Prior year tax losses or tax credits not previously recognized	6.8	6.0
TOTAL	**(410.5)**	**(392.2)**
Deferred tax		
Temporary differences	(43.5)	(24.7)
Impact of tax rate changes	42.2	15.4
TOTAL	**(1.3)**	**(9.3)**

8.2. Reconciliation between the standard tax rate and the effective Group tax rate

%	2007	2008
Standard tax rate	**33.2**	**31.3**
Impact of transactions taxed at reduced rates	(2.9)	(2.8)
Impact of tax rate changes	(2.7)	(0.9)
Impact of tax exemptions and other	(1.1)	(3.2)
Effective Group tax rate	**26.5**	**24.4**

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 effective Group 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.

The decline in the 2008 applicable tax rate and the impact of tax rate changes in 2007 mainly arose from the reductions in the legal tax rates in Germany and Italy.

In addition, in 2007 the additional income taxes related to the reversal of temporary differences arising from the investments in subsidiaries were recorded. This situation was the result of a decision made at the end of 2007 to distribute exceptional dividends.

NOTE 9 - PROFIT FOR THE PERIOD - MINORITY INTERESTS

In millions of euros	2007	2008
Profit for the period - minority interests	46.9	51.8

The increase in net profit attributable to minority interests was due to the full consolidation of EVC Dresden – Wilschdorf GmbH & Co. KG and Zweite EVC Dresden – Wilschdorf GmbH & Co. KG following the take-over of these companies.

NOTE 10 - NET EARNINGS PER SHARE

10.1. Basic earnings per share

	2007	2008
Net profit (Group share) attributable to ordinary shareholders of the parent *(in millions of euros)*	1,123.1	1,220.0
Weighted average number of ordinary shares outstanding	263,743,077	259,634,357
Basic earnings per share *(in euros)*	**4.26**	**4.70**

Basic earnings per share is 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.

The average number of shares outstanding and net earnings per share in 2007 included the impact of the bonus share allocation completed by L'Air Liquide S.A. on June 9, 2008.

10.2. Diluted earnings per share

	2007	2008
Net profit used to calculate diluted earnings per share *(in millions of euros)*	**1,123.1**	**1,220.0**
Weighted average number of ordinary shares outstanding	263,743,077	259,634,357
Adjustment for dilutive impact of share subscription options and conditional grant of shares	2,151,923	1,739,904
Adjusted weighted average number of shares outstanding used to calculate diluted earnings per share	**265,895,000**	**261,374,261**
Diluted earnings per share *(in euros)*	**4.22**	**4.67**

Diluted earnings per share takes 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 exercise in full 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 average number of shares outstanding and net earnings per share in 2007 included the impact of the bonus share allocation of the L'Air Liquide S.A. share completed on June 9, 2008.

The Group has not issued any other financial instruments that may generate further dilution of net earnings per share.

NOTE 11 - DIVIDEND PER SHARE

The 2007 dividend on ordinary shares reported and paid on May 19, 2008 was 550.8 million euros (including treasury shares), for a dividend of 2.25 euros per share (2.47 euros per share for an enhanced dividend). Dividends paid represent a distribution rate of 49.0% of profit for the period attributable to shareholders of the parent.

A dividend distribution of 602.0 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 2008. These dividends represent a distribution rate of 49.3% of the profit for the period attributable to shareholders of the parent.

NOTE 12 - GOODWILL

12.1. Movements during the period

In millions of euros	As of January 1	Goodwill recognized during the period	Goodwill removed during the period	Impairment losses	Impairment losses removed	Foreign exchange differences	Other movements [a]	As of December 31
2007	2,614.7	1,137.8	(54.8)		5.0	(66.5)	6.5	3,642.7
2008	**3,642.7**	**142.8**	**(0.9)**			**169.6**	**2.0**	**3,956.2**

(a) Other movements primarily include the valuation of put options granted to minority shareholders.

Goodwill recognized primarily included:

- 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;
- in 2007, goodwill arising from the transactions mentioned in Note 1.2. and some acquisitions in the specialty gases sector in the United States and in the Homecare sector in Germany.

Goodwill removed primarily arose from:

- in 2007, the sale of Hong Kong Oxygen Group to Linde and the sale of the Metrology activity.

In 2007, the impairment related to the Metrology activity was removed following its sale.

12.2. Main goodwill

	2007	2008		
In millions of euros	Net carrying amount	Gross carrying amount	Impairment losses	Net carrying amount
Germany [a]	1,398.9	1,401.7		1,401.7
Japan [b]	500.7	655.8		655.8
SOAEO [c]	413.8	427.6		427.6
Lurgi [d]	315.4	396.1		396.1
United States [e]	267.6	326.1		326.1
AL Welding	89.7	90.9		90.9
Other subsidiaries	656.6	659.4	(1.4)	658.0
TOTAL GOODWILL	**3,642.7**	**3,957.6**	**(1.4)**	**3,956.2**

(a) Including goodwill arising from the Messer activities in Germany for 1,270.5 million euros.
(b) The change between 2008 and 2007 was mainly due to the foreign exchange impact.
(c) The change between 2008 and 2007 was mainly due to the foreign exchange impact.
(d) The change between 2008 and 2007 corresponded to the final determination of the goodwill arising from the acquisition of the Lurgi group on July 20, 2007. 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 change between 2008 and 2007 was mainly due to the foreign exchange impact and the final goodwill allocation regarding a subsidiary acquired in the specialty gases segment in the United States in 2007.

The Group did not recognize any impairment loss for goodwill for the years ended December 31, 2007 and 2008. In addition, no impairment loss was recognized directly in equity.

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, take into account the impact of the financial crisis.

The market multiples used were determined using the Air Liquide Group quoted market price as of December 31, 2008.

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 7.5% as of December 31, 2008 (7.0% as of December 31, 2007).

NOTE 13 - OTHER INTANGIBLE ASSETS

13.1. 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
2007							
Internally generated intangible assets	202.6	41.0		(0.1)	2.5	(2.9)	243.1
Other intangible assets	473.0	26.9	(3.2)	(20.1)	361.7	(6.0)	832.3
Total gross intangible assets	**675.6**	**67.9**	**(3.2)**	**(20.2)**	**364.2**	**(8.9)**	**1,075.4**
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**

(a) In 2008, the "Acquisitions related to business combinations" 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 concerns the Lurgi group.
In 2007, this column corresponded to the temporary fair value determination of the intangible assets recognized following the acquisition of the Lurgi group on July 20, 2007, acquisitions in South East Asia on April 27, 2007 and the transactions carried out in the United Kingdom on May 31, 2007 and October 1, 2007.

(b) Other movements primarily include account reclassifications and changes in consolidation scope.

13.2. Amortization and impairment losses

In millions of euros	As of January 1	Charge for the period	Impairment losses	Impairment losses removed	Disposals	Foreign exchange differences	Acquisitions related to business combinations [(a)]	Other movements [(b)]	As of December 31
2007									
Internally generated intangible assets	(91.1)	(23.4)	(5.8)					0.8	(119.5)
Other intangible assets	(217.3)	(43.8)	(3.0)		3.0	2.9		8.3	(249.9)
Total intangible asset amortization	**(308.4)**	**(67.2)**	**(8.8)**		**3.0**	**2.9**		**9.1**	**(369.4)**
Total net intangible assets	**367.2**	**0.7**	**(8.8)**		**(0.2)**	**(17.3)**	**364.2**	**0.2**	**706.0**
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**

*(a) In 2008, the "Acquisitions related to business combinations" 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 concerns the Lurgi group.
In 2007, this column corresponded to the temporary fair value determination of the intangible assets recognized following the acquisition of the Lurgi group on July 20, 2007, acquisitions in South East Asia on April 27, 2007 and the transactions carried out in the United Kingdom on May 31, 2007 and October 1, 2007.*
(b) Other movements primarily include account reclassifications and changes in consolidation scope.

As of year-end, the Group has no significant commitments for the purchase of intangible assets and is not subject to any restrictions over the use of its existing intangible assets.

NOTE 14 - PROPERTY, PLANT AND EQUIPMENT

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
2007							
Land	232.3	2.2	(3.2)	(8.8)	11.2	2.2	235.9
Buildings	931.4	31.1	(20.0)	(22.9)	26.9	43.6	990.1
Equipment, cylinders, installations	15,803.9	292.9	(189.7)	(470.2)	214.6	603.6	16,255.1
Total property, plant and equipment in service	**16,967.6**	**326.2**	**(212.9)**	**(501.9)**	**252.7**	**649.4**	**17,481.1**
Construction in progress	772.3	991.2		(35.2)	21.2	(740.4)	1,009.1
Total property, plant and equipment	**17,739.9**	**1,317.4**	**(212.9)**	**(537.1)**	**273.9**	**(91.0)**	**18,490.2**
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**

(a) *In 2008, the "Acquisitions related to business combinations" 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.*
In 2007, this column corresponded to the temporary fair value determination of property, plant and equipment recognized following the acquisition of the Lurgi group on July 20, 2007, acquisitions in South East Asia on April 27, 2007 and the transactions carried out in the United Kingdom on May 31, 2007 and October 1, 2007.

(b) *Other movements primarily include account reclassifications and changes in consolidation scope, notably in 2007, following the sales of Hong Kong Oxygen Group (Hong Kong) and the Metrology activity.*

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.

14.2. Depreciation and impairment losses

In millions of euros	As of January 1	Charge for the period	Impairment losses	Impairment losses removed	Disposals	Foreign exchange differences	Acquisitions related to business combinations [a]	Other movements [b]	As of December 31
2007									
Buildings	(555.8)	(38.0)			12.4	12.6		(0.3)	(569.1)
Equipment, cylinders, installations	(9,192.4)	(837.9)	(1.5)		171.3	263.3		68.3	(9,528.9)
Total property, plant and equipment depreciation	**(9,748.2)**	**(875.9)**	**(1.5)**		**183.7**	**275.9**		**68.0**	**(10,098.0)**
Total property, plant and equipment, net	**7,991.7**	**441.5**	**(1.5)**		**(29.2)**	**(261.2)**	**273.9**	**(23.0)**	**8,392.2**
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**

(a) In 2008, the “Acquisitions related to business combinations” 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.
In 2007, this column corresponded to the temporary fair value determination of property, plant and equipment recognized following the acquisition of the Lurgi group on July 20, 2007, acquisitions in South East Asia on April 27, 2007 and the transactions carried out in the United Kingdom on May 31, 2007 and October 1, 2007.

(b) Other movements primarily include account reclassifications and changes in consolidation scope, notably in 2007, following the sales of Hong Kong Oxygen Group (Hong Kong) and the Metrology activity.

The charge for the period corresponds to the increase in depreciation net of the investment grants released in the income statement.

14.3. 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 the following:

	2007		2008	
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	23	22	10	10
1 to 5 years	21	19	16	15
More than 5 years	9	8	8	7
Total minimum lease payments	**53**	**49**	**34**	**32**
Less impact of discounting (finance charge)	(4)		(2)	
Present value of minimum lease payments	**49**		**32**	

NOTE 15 - NON-CURRENT FINANCIAL ASSETS

In millions of euros	**2007**	**2008**
Available-for-sale financial assets	61.5	68.5
Loans	42.8	22.9
Other long-term receivables	114.0	122.9
Employee benefits - prepaid expenses	2.3	2.1
Non-current financial assets	**220.6**	**216.4**

Available-for-sale financial assets primarily consist of unlisted and non-consolidated investments, and in particular capital contributions to Group companies in the development phase, mainly in Eastern Europe.

NOTE 16 - INVESTMENTS IN ASSOCIATES

16.1. Financial information

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.

Group share of associates as of December 31, 2007	Share of profit for the period	Share of equity [a]
In millions of euros		
Europe	2.6	20.3
Americas	1.1	3.8
Asia-Pacific	18.2	90.1
Middle-East and Africa	4.8	26.1
TOTAL	**26.7**	**140.3**

(a) The goodwill related to associates is included in the carrying amount of the investment.

16.2. Movements during the year

In millions of euros	As of January 1	Share of profit for the period	Dividend distribution	Foreign exchange differences	Aquisitions related to business combinations	Other movements	As of December 31
2007	171.4	26.7	(16.9)	(11.0)	0.8	(30.7)	140.3
2008	**140.3**	**24.8**	**(14.1)**	**(18.2)**		**10.0**	**142.8**

Other movements primarily include changes in the scope of consolidation and, in particular:

- in 2008, the acquisition of the Société d'Installations et de Diffusion de Matériel Technique S.P.A. (Algeria);
- in 2007, the sale of the Group's interest in Malaysia Oxygen Bhd.

16.3. Financial indicators of associates (100%)

BALANCE SHEET

In millions of euros	2007	2008
Total assets	632.3	590.2
Equity	329.6	316.1
Net indebtedness	132.4	91.9

INCOME STATEMENT

In millions of euros	2007	2008
Revenue	467.3	502.3
Profit for the period	57.3	45.4

The decrease in profit for the period was mainly due to the depreciation of the Korean won that impacted the profit of Daesung Industrial Gases in 2008.

NET INDEBTEDNESS (GROUP SHARE)

In millions of euros	2007	2008
Net indebtedness	54.3	43.2

NOTE 17 - DEFERRED TAX

Movements in deferred tax assets and liabilities during the period were as follows:

17.1. Deferred tax assets

In millions of euros	2007	2008
As of January 1	**402.2**	**357.6**
Income (charge) to the income statement	(73.0)	(43.4)
Income (charge) to equity for the period	3.3	15.4
Acquisitions/Disposals	50.1	(2.1)
Foreign exchange differences	(4.5)	3.7
Other [(a)]	(20.5)	21.8
As of December 31	**357.6**	**353.0**

(a) Other movements result from reclassifications between current and deferred tax.

17.2. Deferred tax liabilities

In millions of euros	2007	2008
As of January 1	**1,130.5**	**1,037.0**
Charge (income) to the income statement	(71.7)	(34.1)
Charge (income) to equity for the period	6.6	2.4
Acquisitions/Disposals	85.0	10.6
Foreign exchange differences	(48.9)	9.9
Other [(a)]	(64.5)	(13.8)
As of December 31	**1,037.0**	**1,012.0**

(a) Other movements result from reclassifications between current and deferred tax.

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.

In 2007, the impact of deferred taxes arising from acquisitions and disposals mainly involved the transactions mentioned in Note 1.2.

As of December 31, 2008, unrecognized deferred tax assets totaled 10.7 million euros compared with 15.8 million euros as of December 31, 2007. 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, and in particular employee benefit provisions and tax loss carryforwards.

NOTE 18 - INVENTORIES

In millions of euros	2007	2008
Raw materials and supplies	179.5	206.3
Finished and semi-finished goods	456.7	511.1
Work-in-progress	159.7	100.9
Net inventories	**795.9**	**818.3**

In millions of euros	2007	2008
Write-down of inventories	(19.3)	(20.0)
Reversals of write-down	15.9	17.7
Net write-down recognized in the income statement	**(3.4)**	**(2.3)**

NOTE 19 - TRADE RECEIVABLES

In millions of euros	2007	2008
Trade and other operating receivables	2,824.9	2,989.1
Allowance for doubtful receivables	(86.6)	(117.8)
Trade receivables	**2,738.3**	**2,871.3**

Trade and other operating receivables included the gross amounts from customers of Engineering and Construction activity for 78.2 million euros (108.9 million euros as of December 31, 2007).

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 26).

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.

As of December 31, 2007, cumulative revenue recognized using the percentage of completion method and advances received amounted to 1,880.5 million euros and 2,114.2 million euros, respectively.

19.1. 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

Outstanding trade receivables overdue and not provided for mainly comprised receivables due in less than 3 months (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.

19.2. 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)

Charges include the charges to exceptional provisions described in Note 6.

NOTE 20 - OTHER CURRENT ASSETS

In millions of euros	2007	2008
Advances and down-payments made	148.0	136.9
Prepaid expenses	65.8	68.9
Sundry other current assets	251.2	256.5
Other current assets	**465.0**	**462.3**

NOTE 21 - CASH AND CASH EQUIVALENTS

In millions of euros	2007	2008
Short-term loans	79.0	25.7
Short-term investments	206.7	896.5
Cash in bank	441.2	340.7
Cash and cash equivalents	**726.9**	**1,262.9**

The changes in short-term investments are described in Note 28.

NOTE 22 - SHAREHOLDERS' EQUITY

22.1. Shares

NUMBER OF SHARES OUTSTANDING

	2007	2008
Number of shares outstanding as of January 1	121,149,189	238,844,710
Two-for-one share split (June 13, 2007)	120,801,423	
Allotment of bonus shares		24,220,146
Options exercised during the period*	1,195,748	773,842
Cancellation of treasury shares*	(4,301,650)	(2,916,350)
Number of shares outstanding as of December 31	**238,844,710**	**260,922,348**

* *Number of shares prior to adjustment.*

Following the two-for-one share split on June 13, 2007, the shares have a par value of 5.50 euros each and are all issued and fully paid-up.

Air Liquide has adopted a strong dividend policy. In 2007 and the first part of 2008, this policy was supplemented by steady share buyback program. As from September 2008, these buybacks were interrupted in order to optimize liquidity management and secure short-term financing requirements. During 2008, Air Liquide thus bought back 1,967,094 shares, or 0.8% of its capital as of December 31, 2007.

22.2. Nature and purpose of reserves

- **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).

22.3. Treasury shares

Treasury shares consist of Air Liquide shares held by the Group. As of December 31, 2008, the Group held 1,441,716 treasury shares (2,341,650 in 2007, at historical number). This movement in the number of treasury shares is explained on pages 124 and 125 (consolidated statement of changes in equity).

22.4. 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.

In addition, for the Company's 100th year celebration in 2002, share subscription options were granted on an exceptional basis to all Group employees worldwide, up to a maximum of 30 options each, currently adjusted to 82.

Share options are granted for a minimum unitary amount equal to at least 100% of 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.

Share options granted prior to May 12, 1999 can only be exercised after a five-year minimum term from the date they were granted. Share options granted after May 12, 1999 can only be exercised after a four-year minimum term from the date they were granted.

At its July 9, 2008 meeting, the Board of Directors decided to allocate 513,392 subscription options (328 beneficiaries), at a subscription price of 84 euros, available for exercise from July 9, 2012 to July 9, 2016.

The total number of share 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, 2008 amounted, after adjustment, to 7,066,764 options or 2.71% of the share capital (average price of 62.06 euros), of which 865,552 options (average price of 67.84 euros) were granted to members of Executive Management, present within the Company as of December 31, 2008.

Out of the total number of options issued pursuant to the authorization of the Annual General Meeting of May 9, 2007, 4,269,905 options were retained for possible allotment by the Board of Directors as of December 31, 2008.

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 and members of the Executive Committee), 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 vested by 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 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.

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 July 9, 2008 meeting, the Board of Directors decided to allocate 116,138 conditional shares to employees (651 beneficiaries). Subject to the achievement of the continued service and performance requirements, these shares will be definitively vested by the beneficiaries on July 9, 2010 for the "France" Plan (with no possibility of sale prior to July 9, 2012) and July 9, 2012 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 2008, 92,620 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 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**

OPTIONS EXERCISED IN 2007 BY THE TEN EMPLOYEES OF THE COMPANY AND ITS SUBSIDIARIES (WHO WERE NOT CORPORATE OFFICERS AT THE TIME THE OPTIONS WERE GRANTED) WITH THE HIGHEST NUMBER OF OPTIONS EXERCISED

Year of grant	Number of options exercised	Average price *(in euros)*
2000	122,648	52.16
2002	37,462	61.70
TOTAL	**160,110**	**54.39**

NUMBER OF SHARE SUBSCRIPTION OPTIONS AND WEIGHTED AVERAGE EXERCISE PRICE

	2007		2008	
	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)	**3,739,140**	**120.04**	**6,698,700**	**65.43**
Options granted during the period (at the historical rate as of the date the plan was set up)	435,150	182.18	513,392	84.00
Options exercised during the period (at the historical rate in effect on each exercise date)	1,195,748	74.34	773,842	54.78
Options cancelled during the period (at the historical rate in effect on each cancellation date)	54,966	75.20		
Total number of options as of December 31 (at the historical rate) [(a)]	**6,698,700**	**65.43**	**7,066,764**	**62.06**
Total number of options eligible for exercise	***2,719,033***	***57.97***	***3,553,966***	***52.63***
Total number of options as of December 31 [(b)]	**7,368,570**	**59.48**	**7,066,764**	**62.06**
Total number of options eligible for exercise after adjustment [(b)]	***2,990,936***	***52.70***	***3,553,966***	***52.63***

(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.

(b) For information, overall adjustment by increasing the total number of options remaining at the end of 2006 for the impact of the two-for-one share split on June 13, 2007, and at the end of 2007 for the bonus share allotment of June 9, 2008.

INFORMATION ON THE FAIR VALUE OF SHARE SUBSCRIPTION OPTIONS AND CONDITIONAL GRANT OF SHARES

The Group grants share options to senior management and some employees. Employees are also entitled to conditional grant of shares.

SHARE SUBSCRIPTION OPTIONS

In accordance with IFRS2, share 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: five-year swap 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.

	2007 Plan 1 May 9, 2007	2007 Plan 2 November 8, 2007	2008 Plan 1 July 9, 2008
Duration of the option	6 years	6 years	6 years
Fair value of the option *(in euros)*	44.00 [(a)]	23.40 [(b)]	20.49

(a) Before the two-for-one share split on June 13, 2007 and the bonus share allotment of June 9, 2008.
(b) After the two-for-one share split on June 13, 2007 and before the bonus share allotment of June 9, 2008.

CONDITIONAL GRANT OF SHARES

Conditional grant of shares is 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 primary underlying assumptions:

- risk-free interest rate: four-year swap 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
Duration of the conditional grant	4 years	4 years
Fair value of the conditional grant *(in euros)*	80.15 [(a)]	74.4 [(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 and conditional grant of shares plans only includes those plans granted after November 7, 2002, which had not vested as of January 1, 2004.

An expense of 14.5 million euros was recognized in the income statement in 2008 (12.7 million euros in 2007), with a corresponding entry offset in equity.

NOTE 23 - PROVISIONS, PENSIONS AND OTHER EMPLOYEE BENEFITS

In millions of euros	As of January 1	Charges	Utilized	Other reversals	Discounting	Foreign exchange differences	Acquisitions related to business combinations	Other movements [c]	As of December 31
2007									
Pensions and other employee benefits [a]	1,214.1	30.5	(120.3)		48.9	(10.2)	192.8	(6.2)	1,349.6
Restructuring plans	51.4	11.5	(31.4)	(0.4)		(0.1)	0.2	(0.5)	30.7
Guarantees and other provisions of Engineering/Construction activity	46.6	48.2	(15.9)	(11.2)		(1.0)	106.7	0.7	174.1
Dismantling	120.3		(1.7)	(0.1)	3.8	(1.9)		4.6	125.0
Other provisions [b]	195.6	34.7	(27.3)	(16.1)		(1.3)	15.7	6.8	208.1
Total Provisions	**1,628.0**	**124.9**	**(196.6)**	**(27.8)**	**52.7**	**(14.5)**	**315.4**	**5.4**	**1,887.5**
2008									
Pensions and other employee benefits [a]	1,349.6	32.6	(128.0)		58.1	9.4		2.5	1,324.2
Restructuring plans	30.7	(1.9)	(17.3)	(0.2)		(1.0)		3.7	14.0
Guarantees and other provisions of Engineering/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	**1,887.5**	**142.6**	**(236.6)**	**(41.8)**	**62.2**	**3.1**	**42.0**	**10.3**	**1,869.3**

(a) See Note 24.
(b) Including provisions for tax and industrial litigation.
(c) Other movements correspond to account reclassifications and provisions for dismantling, with no impact on the statement of cash flows.

In 2008 and 2007, the restructuring provisions utilized were primarily intended to cover the costs incurred following the decision to reorganize the Industrial Merchant activity in certain European countries.

The movements in warranty provisions are mainly related to the warranties in the Engineering and Construction activity and were significantly impacted by the acquisition of Lurgi. In 2008, the "Acquisitions related to business combinations" column corresponded to the final determination of the liabilities recognized as part of business combinations in 2007.

NOTE 24 - EMPLOYEE BENEFIT OBLIGATIONS

24.1. 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. These 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.

24.2. Determination of assumptions and actuarial methods

Benefits 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.

Actuarial gains and losses exceeding the greatest 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.

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 force.

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.

24.3. Obligations

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	Jubilees	Medical plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,171.8)	(91.2)	(14.3)	(70.0)	(1,347.3)
Acquisition/transfer	(2.6)				(2.6)
Expense (income) recognized	(79.9)	(9.3)	(2.1)	(2.1)	(93.4)
Employer contributions	115.8	9.5	1.1	4.3	130.7
Exchange rate movements	(11.0)	0.2	(0.1)	1.4	(9.5)
Net liabilities at the end of the period	**(1,149.5)**	**(90.8)**	**(15.4)**	**(66.4)**	**(1,322.1)**
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)	6.0		0.3	(1.5)	4.8
Curtailment/settlement	(2.1)	(0.2)			(2.3)
Change in surplus management reserve	(5.1)				(5.1)
Expense (income) recognized	**79.9**	**9.3**	**2.1**	**2.1**	**93.4**

In millions of euros	Defined benefit plans	Retirement termination payments	Jubilees	Medical plans	Total
C. Change in present value of obligations in 2008					
Obligations 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	(164.5)	0.4			(164.1)
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	(3.5)				(3.5)
Exchange rate movements	12.6				12.6
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 actuarial gains (losses)	176.5	(5.1)		(9.3)	162.1
Unrecognized past service cost - benefits not vested	5.6	10.5		(1.2)	14.9
Surplus management reserve	(1.4)				(1.4)
Net liabilities	**(1,149.5)**	**(90.8)**	**(15.4)**	**(66.4)**	**(1,322.1)**

Group obligations with respect to pension plans and similar benefits are shown below as of December 31, 2007:

In millions of euros	Defined benefit plans	Retirement termination payments	Jubilees	Medical plans	Total
A. Change in net liabilities					
Net liabilities at the beginning of the period	(1,055.1)	(100.1)	(14.6)	(44.3)	(1,214.1)
Acquisition/transfer	(159.3)	3.7	(0.4)	(26.9)	(182.9)
Expense (income) recognized	(71.1)	(5.4)	(0.4)	(4.2)	(81.1)
Employer contributions	106.0	10.5	1.1	3.0	120.6
Exchange rate movements	7.7	0.1		2.4	10.2
Net liabilities at the end of the period	**(1,171.8)**	**(91.2)**	**(14.3)**	**(70.0)**	**(1,347.3)**
B. Expense recorded in 2007					
Service cost	30.2	4.9	0.9	1.4	37.4
Interest cost	90.0	4.1	0.6	3.0	97.7
Expected return on plan assets	(49.9)	(0.1)			(50.0)
Amortization of past service costs - benefits not vested	0.3	(0.4)		(0.4)	(0.5)
Amortization of actuarial losses (gains)	2.0	0.3	(1.1)	0.2	1.4
Curtailment/settlement	(2.8)	(3.4)			(6.2)
Change in surplus management reserve	1.3				1.3
Expense (income) recognized	**71.1**	**5.4**	**0.4**	**4.2**	**81.1**

In millions of euros	Defined benefit plans	Retirement termination payments	Jubilees	Medical plans	Total
C. Change in present value of obligations in 2007					
Obligations at the beginning of the period	1,940.0	100.4	14.6	45.8	2,100.8
Service cost	30.2	4.9	0.9	1.4	37.4
Interest cost	90.0	4.1	0.6	3.0	97.7
Employee contributions	2.7				2.7
Plan amendments	(4.2)	15.3		(1.6)	9.5
Curtailment/settlement	(2.8)	(1.2)			(4.0)
Acquisition/divestiture	169.2	(5.9)	0.4	26.6	190.3
Benefit payments	(107.2)	(10.4)	(1.1)	(3.0)	(121.7)
Actuarial gains/losses	(142.8)	(11.7)	(1.1)	(4.4)	(160.0)
Exchange rate movements	(48.0)	(0.1)		(2.2)	(50.3)
Obligations at the end of the period	**1,927.1**	**95.4**	**14.3**	**65.6**	**2,102.4**
D. Change in plan assets in 2007					
Fair value of assets at the beginning of the period	780.7	2.3			783.0
Acquisitions/divestitures	11.2				11.2
Actual return on plan assets	52.2	0.1			52.3
Employer contributions	106.0	10.5	1.1	3.0	120.6
Employee contributions	2.7				2.7
Benefit payments	(107.2)	(10.4)	(1.1)	(3.0)	(121.7)
Exchange rate movements	(41.5)				(41.5)
Fair value of assets at the end of the period	**804.1**	**2.5**			**806.6**
E. Funded status at the end of 2007					
Present value of obligations	(1,927.1)	(95.4)	(14.3)	(65.6)	(2,102.4)
Fair value of plan assets	804.1	2.5			806.6
Loss/surplus	(1,123.0)	(92.9)	(14.3)	(65.6)	(1,295.8)
Unrecognized actuarial gains (losses)	(48.4)	(9.2)		(2.8)	(60.4)
Unrecognized past service cost - benefits not vested	6.0	10.9		(1.6)	15.3
Surplus management reserve	(6.4)				(6.4)
Net liabilities	**(1,171.8)**	**(91.2)**	**(14.3)**	**(70.0)**	**(1,347.3)**

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	Over (Under) funding
Europe/Africa	(1,517)	296	(1,208)	(13)
Americas	(527)	310	(67)	(150)
Asia-Pacific	(111)	51	(47)	(13)
TOTAL	**(2,155)**	**657**	**(1,322)**	**(176)**

The above amounts break down as follows by geographical area as of December 31, 2007:

In millions of euros	Obligations	Plan assets	Provisions in the balance sheet	Over (Under) funding
Europe/Africa	(1,511)	334	(1,223)	46
Americas	(507)	424	(84)	1
Asia-Pacific	(84)	49	(40)	5
TOTAL	**(2,102)**	**807**	**(1,347)**	**52**

24.4. Main assumptions

The main discount rates used are as follows:

	2007	2008
Euro zone	5.5%	5.6%
Canada	5.5%	6.5%
Japan	2.0%	2.0%
Switzerland	3.3%	3.1%
United States	6.3%	6.2%
United Kingdom	5.8%	5.9%
Australia	6.3%	3.6%

Expected returns on plan assets are as follows:

	2007	2008
Euro zone	3.6% - 5.6%	3.0% - 5.9%
Canada	7.4%	7.4%
Japan	2.0%	3.0%
Switzerland	4.5%	4.5%
United States	8.0%	8.0%
United Kingdom	7.1%	7.8%
Australia	7.0%	7.0%

Financial asset allocation breaks down as follows (in millions of euros):

	Shares		Bonds		Real estate		Cash		Other		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**	

	Shares		Bonds		Real estate		Cash		Others		Total	
2007	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**	**Amounts**	**%**
Europe/ Africa	116	34.7%	160	47.9%	40	12.0%	8	2.4%	10	3.0%	334	100.0%
Americas	255	60.1%	153	36.1%			16	3.8%			424	100.0%
Asia-Pacific	21	42.9%	18	36.7%			2	4.0%	8	16.4%	49	100.0%
TOTAL	**392**		**331**		**40**		**26**		**18**		**807**	

24.5. Breakdown of gains and losses for the period

In millions of euros	2007	2008
Experience gains and losses on present value of the obligation	(13)	(18)
Other gains and losses on present value of the defined obligation	(147)	24
Experience gains and losses on fair value of assets	2	(216)

24.6. Breakdown of experience gains and losses on assets

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)**

2007 *(in millions of euros)*	Expected return on assets	Actual return on assets	Gains and losses on assets
Europe/Africa	15.7	9.6	(6.1)
Americas	32.1	43.3	11.2
Asia-Pacific	2.2	(0.6)	(2.8)
TOTAL	**50.0**	**52.3**	**2.3**

24.7. Impact of a 1% fluctuation in the inflation rate with regard to health coverage plans

	Obligation as of December 31, 2008 *(In millions of euros)*	Inflation +1%	Inflation -1%
Europe/Africa	36.0	12.4%	-10.2%
Americas	20.0	3.9%	-3.4%
Asia-Pacific			

24.8. Impact of a 0.25% decrease in discount rates

	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%**

24.9. Impact of a 0.25% increase in discount rates

	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%**

24.10. Impact of a 0.25% decrease in the expected return on plan assets

	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%**

24.11. Impact of a 0.25% increase in the expected return on plan assets

	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 25 - BORROWINGS

This note provides the information regarding 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 28.

The Air Liquide Group net indebtedness breaks down as follows:

	2007			2008		
	Carrying amount			Carrying amount		
In millions of euros	Non-current	Current	Total	Non-current	Current	Total
Bonds	2,527.1	30.4	2,557.5	3,739.9	32.8	3,772.7
Private placements	532.1	55.7	587.8	282.9	265.0	547.9
Commercial paper programs	879.6		879.6	353.4		353.4
Bank debt	853.4	263.8	1,117.2	1,633.0	303.7	1,936.7
Finance leases [(a)]	27.6	21.6	49.2	21.9	9.9	31.8
Put options granted to minority shareholders	172.9		172.9	174.1		174.1
TOTAL BORROWINGS (A)	**4,992.7**	**371.5**	**5,364.2**	**6,205.2**	**611.4**	**6,816.6**
Loans maturing in less than one year		79.0	79.0		25.7	25.7
Short-term marketable securities		206.7	206.7		896.5	896.5
Cash in bank		441.2	441.2		340.7	340.7
TOTAL CASH AND CASH EQUIVALENTS (B)		**726.9**	**726.9**		**1,262.9**	**1,262.9**
Derivative instruments (assets) [(b)]				(116.2)		(116.2)
Derivative instruments (liabilities) [(b)]	22.9		22.9	46.9		46.9
TOTAL DERIVATIVE INSTRUMENTS RELATING TO BORROWINGS (C)	**22.9**		**22.9**	**(69.3)**		**(69.3)**
NET INDEBTEDNESS (A) - (B) + (C)	**5,015.6**	**(355.4)**	**4,660.2**	**6,135.9**	**(651.5)**	**5,484.4**

(a) See Note 14.3.
(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 63% of gross debt as of December 31, 2008. At the end of 2008, outstanding notes under this program amounted to 3.6 billion euros (nominal amount), of which 1.1 billion euros were issued in 2008 to finance the Group's growth. Outstanding commercial paper, which decreased since the end of 2007, amounted to 353.4 million euros as of December 31, 2008 versus 879.6 million euros as of December 31, 2007. Group policy requires that commercial paper programs be backed by confirmed long-term credit lines, which amounted to 2.2 billion euros as of December 31, 2008. The syndicated credit line of Air Liquide Finance was drawn down in the amount of 177.5 million US dollars and the bilateral credit lines of L'Air Liquide S.A. were drawn down in the amount of 186 million euros as of December 31, 2008. The increase in bank borrowings as of December 31, 2008 mainly arises from these credit line draw-downs, the impact of currency fluctuations primarily relating to the yen as well as the set-up of local financing in 2008.

The carrying amount of borrowings in the balance sheet breaks down as follows, the issue amount being adjusted by the amortized cost and fair value adjustments:

		2007	2008			
In millions of euros	Issuance currency	Carrying amount	Issuance amount (a)	Amortized cost adjustments (b)	Fair value adjustments (c)	Carrying amount (a) + (b) + (c)
Air Liquide bonds (employee savings)	EUR	52.8	59.2	0.6		59.8
EMTNs	EUR	2,504.7	3,619.3	44.4	49.2	3,712.9
Total bonds		**2,557.5**	**3,678.5**	**45.0**	**49.2**	**3,772.7**
Private placements	EUR	306.8	250.0	6.1		256.1
Private placements	USD	281.0	287.4	4.4		291.8
Total private placements		**587.8**	**537.4**	**10.5**		**547.9**
Commercial paper programs	EUR and USD	879.6	355.0	(1.6)		353.4
Bank debt		1,117.2	1,926.9	9.8		1,936.7
Finance leases *		49.2	31.8			31.8
Put options granted to minority shareholders		172.9	174.1			174.1
Long-term borrowings		**5,364.2**	**6,703.7**	**63.7**	**49.2**	**6,816.6**

* *See Note 14.3.*
(a) *Nominal amount.*
(b) *Amortized cost including accrued interest.*
(c) *Fair market value of the fixed rate debt.*

25.1. Maturity of borrowings

2008	Nominal amount	Carrying amount	Maturity										
			On demand	< 1 year	1 to 5 years					> 5 years			
In millions of euros					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	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 commercial paper outstanding corresponds with that of confirmed lines of credit.*
(b) *See Note 14.3.*

2007	Nominal amount	Carrying amount	Maturity										
			On demand	< 1 year	1 to 5 years					> 5 years			
In millions of euros					2009	2010	2011	2012	2013	2014	2015	2016	>2016
Bonds	2,552.3	2,557.5		30.4	4.0	496.2	301.5	6.2	699.3	507.9			512.0
Private placements	576.6	587.8		55.7	261.5		67.9	202.7					
Commercial paper programs [(a)]	881.0	879.6						879.6					
Bank debt	1,118.8	1,117.2		263.8	53.3	48.8	51.8	245.0	203.2	209.0	5.0	37.3	
Finance leases [(b)]	49.2	49.2		21.6	9.3	5.1	2.9	1.8	1.5	2.9	0.5	3.6	
Put options granted to minority shareholders	172.9	172.9	160.8		12.1								
TOTAL BORROWINGS	**5,350.8**	**5,364.2**	**160.8**	**371.5**	**340.2**	**550.1**	**424.1**	**1,335.3**	**904.0**	**719.8**	**5.5**	**40.9**	**512.0**

(a) The maturity date for commercial paper outstanding corresponds with that of confirmed lines of credit.
(b) See Note 14.3.

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 commercial paper outstanding corresponds to that of the confirmed credit lines backing up the short commercial paper program. As of December 31, 2008, the 2012 maturity corresponds to the term of the syndicated loan extended in July 2005.

25.2. Net indebtedness by currency

The Group provides a natural hedge and reduces its exposure to currency fluctuations by raising debt 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. The breakdown of this hedging portfolio is shown in the table below.

A portion of the euro debt raised (1,096.7 million euros) was converted to other currencies to refinance foreign subsidiaries. For example, of the Group's US dollar gross debt of 1,078.2 million euros (1,006.6 million euros of net debt plus 71.7 million euros of cash), 342.7 million euros were raised directly in US dollars and 735.6 million euros were raised in euros and converted to US dollars using currency swap contracts.

2008	Gross debt - original issue	Cash and cash equivalents	Currency swaps	Adjusted net indebtedness	Non-current assets
In millions of euros					
EUR	5,004.0	(981.9)	(1,096.7)	2,925.4	7,149.6
USD	342.7	(71.7)	735.6	1,006.6	2,926.1
JPY	697.3	(12.0)	285.7	971.0	1,374.5
Other currencies	703.3	(197.3)	75.4	581.4	3,454.3
TOTAL	**6,747.3**	**(1,262.9)**		**5,484.4**	**14,904.5**

2007	Gross debt - original issue	Cash and cash equivalents	Currency swaps	Adjusted net indebtedness	Non-current assets
In millions of euros					
EUR	4,115.1	(439.4)	(678.7)	2,997.0	6,963.3
USD	313.4	(66.3)	508.6	755.7	2,316.7
JPY	555.1	(2.8)	146.6	698.9	1,003.1
Other currencies	403.5	(218.4)	23.5	208.6	3,176.3
TOTAL	**5,387.1**	**(726.9)**		**4,660.2**	**13,459.4**

25.3. Fixed-rate portion of total debt

In % of total debt		2007	2008
EUR debt	Portion of fixed-rate debt	65%	76%
	Portion of optional hedges activated	26%	9%
	Additional optional hedges [(a)]		15%
USD debt	Portion of fixed-rate debt	45%	32%
	Portion of optional hedges activated	21%	
	Additional optional hedges [(a)]		10%
JPY debt	Portion of fixed-rate debt	48%	83%
	Portion of optional hedges activated		
	Additional optional hedges [(a)]		
Total debt	Portion of fixed-rate debt	59%	65%
	Portion of optional hedges activated	21%	6%
	Additional optional hedges [(a)]		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, 2008, fixed-rate debt represented 65% of the gross debt adjusted for outstanding short-term investments. The optional hedges, which were activated in the amount of 325 million euros as of December 31, 2008, represent 6% of the Group's total debt. Including all optional hedges, the average debt hedging ratio (fixed rate + hedging options) was 81%.

The fixed-rate portion of US dollar debt represented 32% of the total US dollar debt as of December 31, 2008. In a context of sharp decline, the decision to fix the Group's debt in US dollars was put on hold. In January 2009, fixed-rate swaps beginning in 2009 were contracted in the amount of 450 million US dollars or 42% of US dollar debt at the end of 2008.

25.4. Breakdown of net finance costs

	2007			2008		
In millions of euros	Average outstanding debt	Net interest	Net finance cost	Average outstanding debt	Net interest	Net finance cost
EUR	2,672.5	130.9	4.9%	2,861.0	157.9	5.5%
USD	736.5	38.0	5.2%	936.2	34.8	3.7%
JPY	706.7	8.5	1.2%	910.6	12.4	1.4%
Other currencies	262.7	22.2	8.5%	430.7	32.3	7.5%
Other charges		(1.7)			0.8	
Capitalized interest [(a)]		(18.5)			(23.8)	
TOTAL	**4,378.4**	**179.4**	**4.5%**	**5,138.5**	**214.4**	**4.6%**

(a) Excluded from cost of debt by currency.

The average cost of net debt increased slightly in 2008 versus 2007. The impact of rising interest rates in Europe at the end of 2008 was largely offset by the decline in the cost of US dollar debt.

Three financing arrangements exceeding 50 million euros include financial covenants related to the involved subsidiaries: the private placements subscribed by the subsidiary American Air Liquide, Inc. (nominal amount of 400 million US dollars as of December 31, 2008), the financing set up by Air Liquide Severstal drawn down in the amount of 51.2 million euros as of December 31, 2008 as well as a confirmed long-term credit line drawn down by Air Liquide China in the amount of 1.8 billion renminbi as of December 31, 2008. These covenants were all met as of December 31, 2008.

The financing arrangements with cross default clauses accounted for 12.3% of the Group's debt as of December 31, 2008.

Furthermore, the new bonds issues, respectively realized by L'Air Liquide S.A. and Air Liquide Finance in 2008 and 2007, for a total of 1.8 billion euros through the EMTN program include a change of control clause.

25.5. Put options granted to minority shareholders

In millions of euros	**2007**	**2008**
Put options granted to minority shareholders	172.9	174.1

25.6. Other information

As indicated in Note 16.3. to the consolidated financial statements, Air Liquide's share in the debt of equity associates as of December 31, 2008, in the normal course of business, was 43.2 million euros, compared to 54.3 million euros as of December 31, 2007.

Furthermore, non-recourse factoring of receivables represented 45.2 million euros in 2008, compared to 39.1 million euros in 2007. These items do not represent risks or financial commitments for the Group.

In addition, as of December 31, 2008, a portion of borrowings was guaranteed by assets valued at 22.2 million euros (23.2 million euros as of December 31, 2007).

NOTE 26 - OTHER LIABILITIES (NON-CURRENT/CURRENT)

26.1. Other non-current liabilities

In millions of euros	**2007**	**2008**
Investment grants	60.3	101.4
Advances and deposits received from customers	86.0	78.5
Other non-current liabilities	16.7	13.5
TOTAL OTHER NON-CURRENT LIABILITIES	**163.0**	**193.4**

26.2. Other current liabilities

In millions of euros	**2007**	**2008**
Advances received	613.4	624.5
Advances and deposits received from customers	84.1	87.0
Other payables	358.3	384.6
Accruals and deferred income	381.0	418.7
TOTAL OTHER CURRENT LIABILITIES	**1,436.8**	**1,514.8**

As mentioned in Note 19 to the consolidated financial statements, amounts payable to customers under engineering contracts in the amount of 390.3 million euros were included in other current liabilities as of December 31, 2008 (342.6 million euros as of December 31, 2007).

NOTE 27 - TRADE PAYABLES

In millions of euros	2007	2008
Operating suppliers	1,547.6	1,748.2
Property, plant and equipment and intangible assets suppliers	133.1	137.6
TOTAL TRADE PAYABLES	**1,680.7**	**1,885.8**

NOTE 28 - FINANCIAL INSTRUMENTS

28.1. Carrying amount and fair value of financial assets and liabilities

The only 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.

	2007		2008	
In millions of euros	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS				
Available-for-sale financial assets	61.5	61.5	68.5	68.5
Loans and other non-current financial assets	159.1	159.1	147.9	147.9
Trade receivables	2,738.3	2,738.3	2,871.3	2,871.3
Fair value of derivatives (assets)	69.5	69.5	230.7	230.7
Cash and cash equivalents	726.9	726.9	1,262.9	1,262.9
TOTAL	**3,755.3**	**3,755.3**	**4,581.3**	**4,581.3**
FINANCIAL LIABILITIES				
Non-current borrowings	4,992.7	5,022.0	6,205.2	6,370.6
Other non-current liabilities	163.0	163.0	193.4	193.4
Trade payables	1,680.7	1,680.7	1,885.8	1,885.8
Current borrowings	371.5	371.5	611.4	611.4
Fair value of derivatives (liabilities)	58.7	58.7	153.9	153.9
TOTAL	**7,266.6**	**7,295.9**	**9,049.7**	**9,215.1**

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 prohibits speculative trading of financial derivatives. 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.

28.2. 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 over the long term its financing during the financial crisis. As of December 31, 2008, the average debt hedging ratio (fixed rate + hedging options) was 81%, compared to 80% as of December 31, 2007. 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 800 million euros (nominal amount) over 4 years under the EMTN program in the fourth quarter of 2008 to fund its growth. At the 2008 year-end, the long-term debt ratio represented 91% of the total Group debt.

The interest rate and foreign currency hedging strategies validated by the Finance Committee are drafted according to market opportunities with a concern for optimization, while complying with the prudence and risk limitation principles.

The Group has also improved its bank and customer counterparty risk supervision in connection with the financial crisis, with daily monitoring.

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 only represent approximately 4% of 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. The majority of these contracts have short maturities (three to six 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 force every six months.

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	24.3	0.2%	3.2	0.2%	1.9	0.2%	(0.8)	0.0%
JPY	10.8	0.1%	1.4	0.1%	0.5	0.0%	3.3	0.1%

The foreign currency risk sensitivity analysis shows that a 1% increase in the US dollar and the yen as of December 31, 2008 would give rise to changes in operating income recurring, net profit and equity in the amounts indicated above.

A 1% decrease in the above currencies as of December 31, 2008 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, 2008 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 of the Air Liquide Finance subsidiary, the US dollar and yen forward currency hedges contracted at head office as well as the yen foreign exchange hedges subscribed under an engineering project.

	Foreign exchange risk			
	+1%		-1%	
In millions of euros	**P&L impact**	**Equity impact**	**P&L impact**	**Equity impact**
Foreign exchange derivatives	(0.1)	(1.1)	0.2	1.3

Interest rate risk

Principles

Air Liquide interest rate risk management on its main currencies - euro, US dollar, and yen - is centralized. These currencies represent 89% of total net debt at the end of 2008. 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 at least 50% 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 2008 year-end, 71% of the gross debt adjusted for outstanding short-term investments was maintained at a fixed rate (including 6% corresponding to triggered caps) 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 1,150 million euros as of December 31, 2008 (19% of gross debt adjusted for short-term securities), compared with 951 million euros as of December 31, 2007 (20% of debt).

The volume increase in the portion of the debt exposed to interest rate fluctuations was mainly due to the rise in the Group's net indebtedness in 2008.

An increase or decrease in interest rates by 100 basis points (+ or -1%) on all yield curves would have an impact of approximately + or -11.5 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, 2008 of the portfolio of interest rate derivatives in the Group's net profit and equity of a fluctuation:

- by 100 basis points in euro, pound sterling and Indian rupee interest rates;
- by 50 basis points in yen, Canadian dollar, US dollar, Singapore dollar and Taiwanese dollar interest rates.

	Interest rate risk			
	+1% (or +0.5%)		-1% (or -0.5%)	
In millions of euros	**P&L impact**	**Equity impact**	**P&L impact**	**Equity impact**
Interest rate derivatives [(a)]	5.6	33.0	(0.4)	(40.4)

(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 profit or loss mainly relates to the optional hedges set up by the Air Liquide Finance and American Air Liquide subsidiaries.

Counterparty risk

Potential counterparty risks for Air Liquide 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 2% of revenue, the Group's 10 leading customers represent less than

12% of sales, and the Group's 50 leading customers represent 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.

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 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 banks. As of December 31, 2008, outstanding notes under the EMTN program amounted to 3.6 billion euros (nominal amount), of which 1.1 billion euros was issued in 2008 to finance the Group's growth and cash requirements in early 2009. At the year-end, the increase in short-term investments reflects this cash surplus.

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. The financial covenants governing the financing arrangements described in Note 25.4. do not have an impact on the Group's access to liquidity.

Outstanding French and US commercial paper amounted to 353.4 million euros as of December 31, 2008, down 526.2 million euros compared to the end of 2007. Group policy requires that commercial paper programs be backed by confirmed long-term credit lines. In 2008, this requirement was 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 of such investments.

2008		Cash flow < 1 year		Cash flow between 1 and 5 years		Cash flow > 5 years	
In millions of euros	Book value as of 12/31/2008	Interest	Capital refund	Interest	Capital refund	Interest	Capital refund
Derivative instruments							
Assets							
Asset derivatives	230.7	96.2	66.6	306.3	532.4	112.9	195.2
Liabilities							
Liability derivatives	(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							
Loan 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)		(759.6)	(5,137.9)	(181.0)	(743.9)
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)**	**(759.6)**	**(5,331.3)**	**(181.0)**	**(743.9)**

2007		Cash flow < 1 year		Cash flow between 1 and 5 years		Cash flow > 5 years	
In millions of euros	Book value as of 12/31/2007	Interest	Capital refund	Interest	Capital refund	Interest	Capital refund
Derivative instruments							
Assets							
Asset derivatives	69.5	116.6	41.8	114.2	77.5	53.0	124.1
Liabilities							
Liability derivatives	(58.7)	(126.0)	(13.5)	(123.9)	(74.1)	(60.3)	(119.0)
Sub-total Derivative instruments		**(9.4)**	**28.3**	**(9.7)**	**3.4**	**(7.3)**	**5.1**
Assets							
Loan and other non-current receivables	156.8				156.8		
Trade receivables	2,738.3		2,738.3				
Cash and cash equivalents	726.9	34.1	726.9				
Sub-total Assets		**34.1**	**3,465.2**		**156.8**		
Liabilities							
Non-current borrowings	(4,992.7)	(188.8)		(553.4)	(3 527,3) [(a)]	(110.5)	(1,258.2)
Other non-current liabilities	(163.0)				(163.0)		
Trade payables	(1,680.7)		(1,680.7)				
Current borrowings	(371.5)	(14.5)	(371.5)				
Sub-total Liabilities		**(203.3)**	**(2,052.2)**	**(553.4)**	**(3,690.3)**	**(110.5)**	**(1,258.2)**

(a) Non-current liabilities included commercial paper outstanding in the amount of 881.0 million euros. The maturity date for commercial paper outstanding is the same as that of confirmed lines of credit. See Note 25.1.

The table above shows the future cash flows relating to the main balance sheet items and derivatives at the two previous year-ends. The interest is calculated in accordance with IFRS7 and represents the interest payable for each period. 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, 2008 and 2007. 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 2008 in the repayment and interest flows over one year relating to derivatives is mainly due to cross currency swaps set up in 2008 by Air Liquide Finance to finance certain Group subsidiaries.

The increase at the end of 2008 in outstanding cash and cash equivalents mainly corresponds to the debt issuance of 800 million euros carried out under the EMTN program in the fourth quarter of 2008. The increase at the end of 2008 in outstanding non-current borrowings maturing in one to five years mainly reflects the debt issuances carried out for 1 billion euros by the Group in 2008 and the reduction in maturity for a portion of the debt to less than 5 years.

2008	Cash flow < 1 year			
	Less than 3 months		Between 3 months and 1 year	
In millions of euros	Interest	Capital refund	Interest	Capital refund
Derivative instruments				
Assets				
Asset derivatives	0.3	23.4	95.9	43.2
Liabilities				
Liability derivatives	(0.3)	(3.1)	(83.8)	(46.5)
Sub-total Derivative instruments	**0.0**	**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 2008 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.

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, where price indexation alone cannot guarantee a total and effective hedge of energy price fluctuation risks. These risks are, therefore, hedged by Air Liquide using commodity swaps.

The fair value recognition of these derivative instruments had no material impact on Group equity or profits as of December 31, 2008.

B. INFORMATION ON DERIVATIVE INSTRUMENTS

Impact of the fair value recognition of derivative instruments on the balance sheet

2008	Assets					Equity and liabilities						
In millions of euros	IFRS classification	Deferred tax assets	Trade receivables	Fair value of derivatives (assets)	Total	Net profit recognized in equity	Profit for the period	Deferred tax liabilities	Non-current 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	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 Swap	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	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
		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.

2007		Assets				Equity and liabilities						
In millions of euros	IFRS classification	Deferred tax assets	Trade receivables	Fair value of derivatives (assets)	Total	Net profit recognized in equity	Profit for the period	Deferred tax liabilities	Non-current borrowings	Trade payables	Fair value of derivatives (liabilities)	Total
Foreign exchange risk												
Currency forwards hedging future cash flows	CFH [a]	5.3		25.3	30.6	7.1	(0.8)	8.7			15.6	30.6
Currency forwards hedging transactions recorded in the accounts	FVH [b]	0.5	1.3	20.3	22.1		(0.9)			20.3	2.7	22.1
Other derivatives	[c]	0.5		1.4	1.9			0.5			1.4	1.9
Currency embedded derivatives	NIH [d]	0.7		17.3	18.0	10.0		6.0			2.0	18.0
Interest rate risk												
Interest rate swaps	FVH [b]	6.1			6.1		(0.7)	6.8	(20.8)		20.8	6.1
Swaps and options	CFH [a]	4.9		5.2	10.1	(8.1)	2.3	1.8			14.1	10.1
Other derivatives	[c]								(2.1)		2.1	
Commodity risk (energy)												
Forwards hedging future cash flows	CFH [a]											
		18.0	**1.3**	**69.5**	**88.8**	**9.0**	**(0.1)**	**23.8**	**(22.9)**	**20.3**	**58.7**	**88.8**

(a) CFH: Cash Flow Hedge.
(b) FVH: Fair Value Hedge.
(c) Derivative instruments not benefiting from hedge accounting.
(d) NIH: Net Investment Hedge.

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 2008 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

2008				Interest rate repricing dates		
In millions of euros	Currency of issue	Carrying amount	Nominal amount outstanding	< 1 year	1 to 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

2007				Interest rate repricing dates		
In millions of euros	Currency of issue	Carrying amount	Nominal amount outstanding	< 1 year	1 to 5 years	> 5 years
Original issue - left at fixed rate	EUR	1,329.5	1,329.5	1.1	718.0	610.4
Interest rate swaps hedges	EUR		612.5	200.0	372.5	40.0
Caps hedges	EUR		775.0	275.0	500.0	
Original issue - left at fixed rate	USD	283.1	283.1	4.9	278.2	
Interest rate swaps hedges	USD		79.6	54.3		25.3
Caps hedges	USD		169.8	67.9	101.9	
Original issue - left at fixed rate	JPY	34.4	34.4	1.1	3.0	30.3
Interest rate swaps hedges	JPY		300.2		179.0	121.2

NOTE 29 - RELATED PARTY INFORMATION

29.1. 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 page 184. L'Air Liquide S.A. is the Group's parent Company.

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 16 to the consolidated financial statements.

CONTRIBUTION TO THE CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT OF PROPORTIONATELY CONSOLIDATED COMPANIES (100%)

In millions of euros	2007	2008
Non-current assets	395	356
Current assets	84	73
Total assets	**479**	**429**
Equity	200	219
Non-current liabilities	106	135
Current liabilities	173	75
Total equity and liabilities	**479**	**429**
Revenues	295	268
Operating expenses	(233)	(217)
Net finance costs	(14)	(6)
Profit before tax	50	45
Income taxes	(5)	(9)
PROFIT FOR THE PERIOD	**45**	**36**

29.2. 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	2007	2008
Short-term benefits	9,587	9,948
Post-employment benefits: pension and health coverage	1,205	1,288
Termination benefits	512	905
Share-based payments	3,735	4,151
TOTAL	**15,039**	**16,292**

SHORT-TERM BENEFITS

Short-term benefits include the 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 49,174 thousand euros in 2008 and 52,902 thousand euros in 2007.

SHARE-BASED PAYMENTS

The share 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 in 2007	Number in 2008
2002 (June 14)	06/13/09	56.09	441,812	216,088
2002 (October 10)	10/10/09	48.08	578	302
2003		No options granted		
2004 (April 08)	04/07/11	52.20	301,471	236,224
2004 (November 30)	11/29/12	54.12	36,311	36,311
2005	03/20/13	57.01	279,608	233,131
2006	03/19/14	69.41	334,029	274,728
2007 (May 09)	05/08/15	83.18	259,610	225,510
2008 (July 09)	07/08/12	84.00		244,200

The number of options and the strike price shown were adjusted for the two-for-one share split performed on June 13, 2007 and the allotment of bonus shares of L'Air Liquide S.A. completed on June 9, 2008.

The fair value of options granted in 2008, adjusted for the share split, and determined according to IFRS2 amounted to 20.49 euros per option (22 euros per option in 2007). 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 9,078 thousand euros as of December 31, 2008 (8,226 thousand euros as of December 31, 2007).

Share 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 share options previously granted to Alain Joly, Director, and not exercised as of December 31, 2008, amounted to 54,908 options (adjusted) at an average price of 44.90 euros (49,906 options at an average price of 49.40 euros as of December 31, 2007). All these share options were granted to him prior to 2001, as Chairman and Chief Executive Officer of the Company.

The total number of share 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, 2008, amounted to 237,875 options (adjusted) at an average price of 61.96 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 30 - COMMITMENTS

Commitments are given in the normal course of the Group's business:

In millions of euros	2007	2008
Firm purchase orders for non-current assets	639.7	906.0
Lease commitments which cannot be terminated	430.6	441.9
IT systems outsourcing in the United States	8.0	7.0
Other commitments relating to operating activities	136.2	130.4
Commitments relating to financing operations	8.4	54.1
TOTAL	**1,222.9**	**1,539.4**

The increase in firm orders for the purchase of intangible assets and property, plant and equipment reflects the acceleration in the Group's investment decisions.

Furthermore, the Group has energy purchase commitments in the amount of 833 million euros as of December 31, 2008 (644 million euros as of December 31, 2007). 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, 2008, under operating leases which cannot be terminated are as follows:

In millions of euros	2007	2008
Due within 1 year	109	111
Due in 1 to 5 years	245	247
Due after 5 years	77	84
TOTAL	**431**	**442**

NOTE 31 - 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 32 - 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 CO_2 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 CO_2 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 CO_2 per year) covered the emissions of 2008.

No asset or liability was recognized as of December 31, 2008. The income received from the sale of rights in 2008 was immaterial.

NOTE 33 - 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 2008 revenue**
Total impact on scope	524.2
The main change in scope (consolidation of Lurgi AG and its subsidiaries since July 2007) had a positive impact on 2008 revenue:	**371.6**
A) Acquisitions and disposals	
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)	21.9
■ 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)	8.3
■ Ascogas Ltd (New Zealand) acquired by Air Liquide Australia Ltd (Australia)	1.6
■ AST Service GmbH acquired by Air Liquide Deutschland GmbH (Germany)	1.3
■ Sever Liquide Gas OOO acquired by Air Liquide OOO (Russia)	1.3
■ Air Liquide Dominicana S.A. (Dominican Republic) acquired by Air Liquide International	1.1
■ Other	5.9
Disposals:	
■ Other	(4.3)
Ongoing 2007 scope impact	
Acquisitions:	
■ Scott Specialty Gases Inc. acquired by Air Liquide America Speciality Gases LLC (United States) ; Scott Specialty Gases Netherlands B.V. acquired by Air Liquide B.V. (Netherlands)	50.2
■ 50% of Singapore Oxygen Air Liquide Pte Ltd (Singapore) and Eastern Industrial Gases (Thailand) acquired by Société d'Oxygène et d'Acétylène d'Extrême-Orient (France)	37.3
■ Linde Gas UK (United Kingdom) acquired by Air Liquide UK Ltd and Allied Respiratory Ltd (United Kingdom) acquired by Air Liquide Ltd (formerly Linde Gas UK)	35.0
■ Renz Medizintechnik Handels GmbH, Jonas Medizintechnik Handels GmbH, Werner & Müller Medizintechnik Service GmbH, Fabig-Peters Medizintechnik GmbH & Co. KG, Holm Medizintechnik GmbH acquired by VitalAire GmbH (Germany)	8.3
■ Celki International Ltd and its subsidiaries (Hong Kong) acquired by Air Liquide Santé International	4.3
■ Messer Hellas acquired by AL Hellas (Greece)	1.7
Disposals:	
■ Metrology business (Trescal France, Metrotech) in France, (MG Tarature S.r.l.) Italy, (Trescal Spain et ITM S.A.) Spain, (Trescal GmbH) Germany, (Trescal Sweden A.B.) Sweden, (Trescal B.V.) the Netherlands and (Arepa Test & Kalibrering A.S.) Denmark	(54.4)
■ Hong Kong Oxygen Group (Hong Kong) sold by Société d'Oxygène et d'Acétylène d'Extrême-Orient (France)	(8.4)

■ Omasa S.p.A. sold by Air Liquide Italia Service S.r.l. (Italy)	(7.9)
■ Welding business sold by Air Liquide Argentina (Argentina)	(2.2)
B) Changes in consolidation method	
Europe	
■ EVC Dresden-Wilschdorf GmbH & Co. KG and Zweite EVC Dresden-Wilschdorf GmbH & Co. KG (Germany): from proportionate method to full consolidation	48.0
■ Omasa France: change from full consolidation to equity method	(2.0)
Middle-East and Africa	
■ Société Malienne des Gaz Industriels (Mali): change from equity method to full consolidation	3.3
Asia-Pacific	
■ Air Liquide Engineering India (India): change from equity method to full consolidation	2.3
C) Companies created and newly consolidated in the scope without scope impact on revenue	
Europe	
■ Air Liquide OOO (Russia)	
■ Air Liquide Romania S.r.l (Romania)	
Asia-Pacific	
■ Air Liquide Electronics Systèmes Asia (Taiwan)	
D) Mergers, acquisitions and disposals without scope impact on revenue	
Europe	
■ Acquisition of Société d'Installations et de Diffusion de Matériel Technique S.P.A. (Algeria)	
■ Merger of Rubel Atem- und Sauerstoffgeräte GmbH in VitalAire GmbH (Germany)	
■ Merger of Sudac Center in Sudac Air Services (France)	
Asia-Pacific	
■ Liquidation of Air Liquide Asia Pte Ltd (Singapore)	

Currency rates

PRIMARY CURRENCY RATES USED

Average rates

Euros for 1 currency	2007	2008
USD	0.73	0.68
CAD	0.68	0.64
Yen (1,000)	6.20	6.64

Closing rates

Euros for 1 currency	2007	2008
USD	0.68	0.72
CAD	0.69	0.59
Yen (1,000)	6.06	7.93

Main consolidated companies

- Industrial Merchant
- Large Industries
- Healthcare
- Electronics
- Other: Gas related activities and Holdings

Companies newly consolidated in the 2008 scope are shown in blue.

EUROPE

FRANCE

1	Air Liquide Electronics Materials	100%		Electronics
	Air Liquide Electronics Systems	100%		Electronics
	Air Liquide Engineering	100%		Other
	Air Liquide Finance	100%		Other
	Air Liquide Hydrogène	100%		Large Industries
	– Belle Étoile Hydrogène	100%		
	Air Liquide Innovation	100%		Industrial Merchant
	– ETSA	99.91%		
	Air Liquide Participations	100%		Other
	Air Liquide Santé (International)	100%		Healthcare
	– 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%		
	– Taema	100%		
	– VitalAire	100%		
	– Celki International Ltd and its subsidiaries (Hong Kong)	80%		
	Air Liquide Services	100%		Other
	– Groupe Athelia (France)	100%		
	– Kéops (Canada)	100%		
	Air Liquide Stockage	100%		Industrial Merchant
	Altal	100%		Other
	AXANE	100%		Other
	Azérus	100%		Other
	Chemoxal and its subsidiaries (France, Europe, United States and China) including	100%		Other
	– Société d'Exploitation de Produits pour les Industries Chimiques	99.95%		
	Cryolor	100%		Other
	Cryopal	100%		Other
2	Fabriques d'Oxygène du Sud-Ouest Réunies	100%		Large Industries
	GIE Cryospace	55%		Other
	Société Anonyme Française Péroune	99.94%	E	Other
3	Société des Gaz Industriels de France	100%		Large Industries
	– Belle Étoile Utilité	100%		
	Société Immobilière de L'Air Liquide	99.99%		Other
	Société Industrielle de Cogénération de France	100%		Large Industries
	– Cogenal	99.99%		
	– Figenal	60%		
	– Lavéra Énergies	50%	P	
	• Lavéra Utilités	50%	P	
	Société Industrielle des Gaz de l'Air	100%		Industrial Merchant
	Sorgal	99.99%	E	Industrial Merchant
	Sudac Air Services	100%		Industrial Merchant

Air Liquide Welding S.A.	100%	Other
– 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%	Other
Aqualung International and its subsidiaries (Europe, United States, Japan)	98.36%	Other
Hélium Services	100%	Industrial Merchant

L'AIR LIQUIDE S.A. 100%

AIR LIQUIDE INTERNATIONAL 100%

AIR LIQUIDE INTERNATIONAL CORP. (United States) 100%

EUROPE EXCLUDING FRANCE

	Air Liquide Industriegase GmbH & Co. KG (Germany)	100%	
4	– 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	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%	
5	Air Liquide Danmark A.S. (Denmark)	100%	
	Air Liquide Eurotonnage (France)	100%	
6	– Air Liquide Large Industry S.A. (Belgium)	100%	
7	– Air Liquide Industries Belgium (Belgium)	100%	
	• Carolox (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%	
8	Air Liquide Industrie B.V. (Netherlands)	100%	
	– Air Liquide Nederland B.V. (Netherlands)	100%	
	• Air Liquide B.V. (Netherlands)	100%	
9	- Lamers High Tech Systems B.V. (Netherlands)	100%	
	- Scott Specialty Gases Netherlands B.V. (Netherlands)	100%	
	- VitalAire 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 Romania S.r.l. (Romania)	100%	
	Air Liquide Russia S.A. (Russia)	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 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%	
10	– Carbagas S.A. (Switzerland)	70%	
	Oy Polargas A.B. (Finland)	100%	
11	Sociedade Portuguesa do Ar Liquido (Portugal)	99.95%	
	– Air Liquide Medicinal S.A. (Portugal)	98.87%	

	Air Liquide Belge S.A. (Belgium)	99.95%	
12	– Air Liquide Belgium S.A. (Belgium)	99.97%	
13	– 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%	
14	– 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%	
	- Dow Fort Saskatchewan Cogeneration Project (Canada)	40%	P
	- 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%	
15	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 (Guyane)	97.04%	
	Société Martiniquaise de L'Air Liquide (Martinique)	71.70%	

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 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%	E
	– 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 Misr (Egypt)	100%	
	• Air Liquide 6th of October (Egypt)	100%	
	• Air Liquide 10th of Ramadan (Egypt)	100%	
	Air Liquide Nigeria plc (Nigeria)	61.11%	E
	Air Liquide Proprietary Limited (South Africa)	88.62%	
	– Air Liquide Botswana Proprietary Limited (Botswana)	85.96%	
	– Fedgas Proprietary Limited (South Africa)	88.62%	
	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
16	Société d'Oxygène et d'Acétylène de Madagascar (Madagascar)	73.73%	E
	Société Gabonaise d'Oxygène et d'Acétylène (Gabon)	80%	E
	Société Ivoirienne d'Oxygène et d'Acétylène (Ivory Coast)	72.08%	
	Société Malienne des Gaz Industriels (Mali)	99.97%	E
	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

17	Daesung Sanso (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 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 Yingkou 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%	
18	Air Liquide Nantong Co., Ltd (China)	100%	
	Air Liquide Peng Pu Co., Ltd (China)	60%	
	Air Liquide Réunion (La Réunion)	95.01%	
19	Air Liquide Shanghai Co., Ltd (China)	100%	
20	– Air Liquide Pudong Co., Ltd (China)	100%	
	– Wuxi High Tech Gases Co., Ltd (China)	50%	P
21	Air Liquide Shanghai International Trading Co., Ltd (China)	100%	
22	Air Liquide Shenyang Teisan Co., Ltd (China)	100%	
	Air Liquide Tianjin Co., Ltd (China)	100%	
	Air Liquide Wuxi Co., Ltd (China)	100%	
23	Air Liquide Electronics Systems Asia (Taiwan)	100%	E
24	Air Liquide Far Eastern Ltd (Taiwan)	65%	
	Air Liquide Engineering India (India)	60%	
	Air Liquide India Holding Pvt. Ltd. (India)	100%	
25	Air Liquide Korea (South Korea)	100%	
	Esqal (New Caledonia)	99.97%	
	Gaz de Polynésie (French Polynesia)	100%	

26	Air Liquide Australia Ltd (Australia)	100%	
	– Ascogas Ltd (New Zealand)	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, 2008 in:

1 Air Liquide Electronics Materials (France):
100% including 76.49% held by L'Air Liquide S.A. and 23.51% by Chemoxal.

2 Fabriques d'Oxygène du Sud-Ouest Réunies (France):
100% including 99.75% held by L'Air Liquide S.A. and 0.25% held by Société des Gaz Industriels de France.

3 Société des Gaz Industriels de France (France):
100% including 65.13% held by L'Air Liquide S.A. and 34.87% by Société Industrielle des Gaz de l'Air.

4 Air Liquide Deutschland GmbH (Germany):
100% including 92.48% held by Air Liquide Industriegase GmbH & Co. KG and 7.52% by Air Liquide International.

5 Air Liquide Danmark A.S. (Denmark):
100% including 43.01% held by Air Liquide International Corp. and 56.99% by Air Liquide International.

6 Air Liquide Large Industry S.A. (Belgium):
100% including 74.26% held by Air Liquide Eurotonnage and 25.74% by Air Liquide International.

7 Air Liquide Industries Belgium (Belgium):
100% including 53.51% held by Air Liquide Eurotonnage and 46.49% by Air Liquide International.

8 Air Liquide Industrie B.V. (Netherlands):
100% including 55.37% held by Air Liquide Eurotonnage and 44.63% by Air Liquide International.

9 Lamers High Tech Systems B.V. (Netherlands):
100% including 51% held by Air Liquide B.V. and 49% by Air Liquide Electronics Systems.

10 Carbagas S.A. (Switzerland):
70% including 40% held by Carba Holding AG and 30% by Air Liquide International.

11 Sociedade Portuguesa do Ar Liquido (Portugal):
99.95% including 74% held by Air Liquide International, 25.93% by L'Air Liquide S.A. and 0.02% by Air Liquide Santé International.

12 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.

13 Air Liquide Benelux 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.

14 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).

15 Air Liquide Spatial (Guyane):

98.80% including 54.79% held by Air Liquide International, 30% held by Société Guyanaise de L'Air Liquide (97.04% held by the Group) and 14.93% by Air Liquide Italia S.p.A. (99.77% held by the Group).

16 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% held by the Group).

17 Daesung Industrial Gases (South Korea):
40% including 20% held by L'Air Liquide S.A. and 20% by Air Liquide Japan Ltd.

18 Air Liquide Nantong Co., Ltd (China):
100% including 90% held by Air Liquide International and 10% by Air Liquide China Holding Co., Ltd.

19 Air Liquide Shanghai Co., Ltd (China):
100% including 81.36% held by Air Liquide International, 10% held by Air Liquide China, and 8.64% by Air Liquide Japan Ltd.

20 Air Liquide Pudong Co., Ltd (China):
100% including 75% held by Air Liquide Shanghai Co., Ltd and 25% held by Air Liquide Japan Ltd.

21 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.

22 Air Liquide Shenyang Teisan Co., Ltd (China):
100% including 50% held by Air Liquide International and 50% by Air Liquide Japan Ltd.

23 Air Liquide Electronics Systems Asia (Taiwan):
100% including 80% held by Air Liquide Electronics Systems (France) and 20% held by Air Liquide International.

24 Air Liquide Far Eastern Ltd (Taiwan):
65% including 32.83% held by Air Liquide International and 32.17% by Air Liquide Japan Ltd.

25 Air Liquide Korea (South Korea):
100% including 50% held by Air Liquide International and 50% by Air Liquide Japan Ltd.

26 Air Liquide Australia Ltd (Australia):
100% including 79.74% held by Air Liquide International Corp. and 20.26% by Air Liquide International.

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.

StatutoryA uditors' remuneration

Fees reported in 2007 and 2008 by the Air Liquide Group for engagements awarded to the Statutory Auditors related to audit services were as follows:

	2008							
In thousands of euros	Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	5,291	93.7 %	3,480	90.6 %	608	98.5 %	9,379	92.8 %
Issuer	465		555		0		1,020	
Fully consolidated subsidiaries	4,826		2,925		608		8,359	
Other statutory audit engagements	355	6.3 %	359	9.4 %	9	1.5 %	723	7.2 %
Issuer	111		94		0		205	
Fully consolidated subsidiaries	244		265		9		518	
TOTAL OF AUDIT SERVICES	**5,646**	**100.0 %**	**3,839**	**100.0 %**	**617**	**100.0 %**	**10,102**	**100.0 %**

	2007							
In thousands of euros	Ernst & Young		Mazars		Other		Total	
Statutory audit, certification, review of individual and consolidated financial statements	4,858	87.5 %	3,215	94.0 %	561	96.4 %	8,634	90.4 %
Issuer	371		584		0		955	
Fully consolidated subsidiaries	4,487		2,631		561		7,679	
Other statutory audit engagements	694	12.5 %	207	6.0 %	21	3.6 %	922	9.6 %
Issuer	674		75		0		749	
Fully consolidated subsidiaries	20		132		21		173	
TOTAL OF AUDIT SERVICES	**5,552**	**100.0 %**	**3,422**	**100.0 %**	**582**	**100.0 %**	**9,556**	**100.0 %**

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 issued in the French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in all audit reports, whether qualified or not, and the opinion on the financial statements. This information includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting matters. These assessments were made for the purpose of issuing an opinion on the financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the consolidated financial statements. This report also includes information relating to the specific verification of information in the Group 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, 2008

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, 2008, 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 the 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, liabilities, financial position of the Group at December 31, 2008 and 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 our opinion, we draw your attention to the matter discussed in the 2.1 paragraph relating to accounting policies and in Note 3 to the consolidated financial statements relating to the first-time adoption of IFRS 8 "Operating Segments".

II. Justification of assessments

In accordance with the requirements of article L. 823-9 of the French Company Law (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- intangible assets and goodwill were 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;
- we have reviewed the methodology used to recognize reserves for risks and charges. 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.

These assessments were thus made in the context of the performance 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

We have also verified the information given in the Group Management Report as required by French law.

We have no matters to report regarding its fair presentation and its conformity with the consolidated financial statements.

Paris-La Défense and Courbevoie, March 12, 2009

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, 2007 Net	As of December 31, 2008 Gross	Depreciation, amortization and provision	Net
ASSETS				
Intangible assets	**59.0**	**219.5**	**172.3**	**47.2**
Tangible assets				
Land	25.5	41.5	15.6	25.9
Real estate units - Additional value arising from revaluation		2.1	2.1	
Buildings	36.1	88.2	54.4	33.8
Plant, machinery and equipment	76.1	297.2	223.5	73.7
Recyclable sales packaging	0.3	3.3	0.7	2.6
Other tangible assets	19.0	64.4	47.3	17.1
Tangible assets under construction	9.5	7.4		7.4
Payments on account - tangible assets	1.0	0.5		0.5
	167.5	**504.6**	**343.6**	**161.0**
Financial Investments				
Equity investments	8,568.1	8,993.7	67.4	8,926.3
Loans to equity affiliates	1.2	1.2		1.2
Other long-term investment securities	215.9	124.3	35.8	88.5
Loans	3.4	5.0	2.5	2.5
Other long-term investments	2.8	2.8		2.8
	8,791.4	**9,127.0**	**105.7**	**9,021.3**
Total non-current assets	**9,017.9**	**9,851.1**	**621.6**	**9,229.5**
Inventories and work-in-progress				
Raw materials and other supplies	7.7	8.9	0.4	8.5
Work-in-progress	13.2	3.8	0.1	3.7
Semi-finished and finished goods	40.1	42.7	3.7	39.0
	61.0	**55.4**	**4.2**	**51.2**
Prepayments and advances paid to suppliers	**5.2**	**2.7**		**2.7**
Trade receivables				
Trade receivables and related accounts	365.9	444.6	13.4	431.2
Other receivables	595.8	714.4	3.1	711.3
	961.7	**1,159.0**	**16.5**	**1,142.5**
Short-term financial investments	**26.2**	**17.8**		**17.8**
Cash	**14.9**	**8.7**		**8.7**
Prepayments and miscellaneous	**5.0**	**4.2**		**4.2**
	1,074.0	**1,247.8**	**20.7**	**1,227.1**
Loan issue premiums	**1.8**	**1.6**		**1.6**
Bond redemption premiums	**1.5**	**1.7**		**1.7**
Unrealized foreign exchange losses	**0.8**	**0.7**		**0.7**
TOTAL ASSETS	**10,096.0**	**11,102.9**	**642.3**	**10,460.6**

In millions of euros	As of December 31, 2007 Before approval of the financial statements	As of December 31, 2008 Before approval of the financial statements	As of December 31, 2008 After approval of the financial statements
LIABILITIES AND SHAREHOLDERS' EQUITY			
Shareholders' equity			
Share capital	1,313.6	1,435.1	1,435.1
Additional paid-in capital	5.9	18.4	18.4
Revaluation reserve	25.5	25.5	25.5
Reserves:			
■ Legal reserve	133.3	133.3	143.5
■ 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	632.7	298.1	381.0
Net profit for the year	574.1	695.1	
Sub-total			**2,392.0**
Accelerated depreciation	45.7	42.6	42.6
Other tax-driven provisions	0.1	0.1	0.1
	3,119.4	**3,036.7**	**2,434.7**
Provisions			
Provisions for contingencies	15.2	14.3	14.3
Provisions for losses	35.4	30.5	30.5
	50.6	**44.8**	**44.8**
Liabilities			
Other bonds	1,400.0	1,643.4	1,643.4
Bank borrowings	1,011.0	700.8	700.8
Other borrowings	52.9	60.0	60.0
Prepayments received from customers	58.7	48.6	48.6
Trade payables and related accounts	284.9	388.0	388.0
Tax and employee-related liabilities	307.7	376.7	376.7
Amounts payable in respect of fixed assets and related accounts	6.8	4.4	4.4
Other amounts payable	3,781.3	4,126.8	4,126.8
Dividends			602.0
Deferred income and miscellaneous	**22.7**	**30.1**	**30.1**
	6,926.0	**7,378.8**	**7,980.8**
Unrealized foreign exchange gains		**0.3**	**0.3**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**10,096.0**	**10,460.6**	**10,460.6**

INCOME STATEMENT

For the year ended December 31

In millions of euros	2007	2008
Operating revenue		
Sales of:		
■ Goods	1,108.0	1,145.3
■ Services and related activities	477.0	552.2
Net revenue	**1,585.0**	**1,697.5**
Change in inventories of goods and services	2.2	(11.3)
Production of assets capitalized	24.4	13.6
Operating subsidies	1.1	2.8
Provision reversals	18.2	15.8
Expense reclassifications	23.2	16.4
Other revenues	200.9	287.0
Sub-total	**270.0**	**324.3**
Total I	**1,855.0**	**2,021.8**
Operating expenses		
Purchases of raw materials and other supplies	175.7	211.4
Change in inventories of raw materials and supplies	(1.1)	(3.3)
Other purchases	482.8	531.8
External charges	507.6	491.0
Duties and taxes other than corporate income tax	35.7	38.3
Wages, salaries and provisions for paid vacation	256.9	271.7
Social security contributions and similar charges	184.9	200.5
Depreciation, amortization and impairment losses:		
■ On non-current assets: depreciation, amortization and impairment losses	49.0	49.1
■ On current assets: charges to provisions	7.7	13.0
For contingencies and losses: charges to provisions	3.0	3.4
Other charges	15.5	13.4
Total II	**1,717.7**	**1,820.3**
Net operating profit/(loss) (I-II)	**137.3**	**201.5**

In millions of euros	2007	2008
Financial income		
Financial income from equity affiliates	683.7	810.1
Revenues from other marketable securities and long-term loans	18.6	22.2
Other interest and similar income		
Reversals of impairment and provisions	1.0	7.2
Foreign exchange gains	3.0	4.9
Capital gains on short-term financial investments	0.3	0.9
Total III	**706.6**	**845.3**
Financial expenses		
Amortization, impairment and provisions	9.4	3.4
Interest and similar charges	250.3	299.5
Foreign exchange losses	4.7	5.9
Total IV	**264.4**	**308.8**
Net profit/(loss) from financial items (III-IV)	**442.2**	**536.5**
Net profit/(loss) from ordinary activities before tax (I-II+III-IV)	**579.5**	**738.0**
Exceptional income		
Exceptional income from non-capital transactions	22.7	22.1
Exceptional income from capital transactions	161.0	161.3
Reversals of impairment and provisions	12.8	24.8
Total V	**196.5**	**208.2**
Exceptional expenses		
Exceptional charges on non-capital transactions	32.1	18.2
Exceptional charges on capital transactions	155.8	177.0
Exceptional depreciation, amortization, impairment and provisions	3.0	43.7
Total VI	**190.9**	**238.9**
Net exceptional items (V-VI)	**5.6**	**(30.7)**
Statutory employee profit-sharing	**2.7**	**3.3**
Corporate income tax	**8.3**	**8.9**
NET PROFIT FOR THE YEAR	**574.1**	**695.1**

NOTES

1 Accounting policies

1.1. 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 Company Law (Code de commerce).

1.2. 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. Information management systems are generally amortized over 5 years.

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. Other long-term investment securities

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.

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 are not impaired.

1.3. 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.

1.4. 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.

1.5. 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.

1.6. 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.

1.7. 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.

1.8. POST-EMPLOYMENT BENEFITS

The Company applies CNC recommendation 2003-R01 related to the recognition and measurement of retirement benefits and similar obligations as of January 1, 2005.

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 (5.60% as of December 31, 2008).

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.

1.9. 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.

1.10. 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.

1.11. 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.

2 Notes on information relating to statutory accounts

2.1. INTANGIBLE AND TANGIBLE ASSETS

Changes in gross value break down as follows:

In millions of euros	Gross value as of January 1, 2008	Additions	Disposals	Gross value as of December 31, 2008
Intangible assets				
Concessions, patents, licenses	76.4	7.5	(0.4)	83.5
Other intangible assets	131.8	10.3	(6.1)	136.0
TOTAL	**208.2**	**17.8**	**(6.5)**	**219.5**
Tangible assets				
Land	39.8	3.0	(1.3)	41.5
Real estate units - Additional value arising from revaluation	2.1			2.1
Buildings	90.7	3.5	(6.0)	88.2
Plant, machinery and equipment	292.7	10.3	(5.8)	297.2
Recyclable sales packaging	0.9	2.4		3.3
Other tangible assets	61.5	5.0	(2.1)	64.4
Tangible assets under construction	9.5	3.5	(5.6)	7.4
Payments on account - tangible assets	1.0	0.1	(0.6)	0.5
TOTAL	**498.2**	**27.8**	**(21.4)**	**504.6**

Changes in depreciation and impairment losses break down as follows:

In millions of euros	Depreciation, amortization and impairment losses as of January 1, 2008	Depreciation and amortization	Decreases, disposals, scrappings	Reversal of Impairment losses	Depreciation, amortization and impairment losses as of December 31, 2008
Intangible assets	149.2	23.6	(0.5)		172.3
Tangible assets	330.7	25.5	(12.6)		343.6
TOTAL	**479.9**	**49.1**	**(13.1)**	**(0.0)**	**515.9**

Notes:
Depreciation and amortization expenses totaled 49.1 million euros in 2008.
With respect to disposals, retirements and transfers, accumulated amortization of -13.1 million euros has been reversed.

2.2. FINANCIAL INVESTMENTS

Changes in gross value break down as follows:

In millions of euros	Gross value as of January 1, 2008	Increases	Decreases	Gross value as of December 31, 2008
Equity investments				
Companies operating in France	6,238.4	532.5	(30.3)	6,740.6
Companies operating outside of France	2,393.1		(140.0)	2,253.1
TOTAL	**8,631.5**	**532.5**	**(170.3)**	**8,993.7**
Loans to equity affiliates	1.2			1.2
Other long-term investment securities	228.4	310.4	(414.5)	124.3
Loans	5.1	0.8	(0.9)	5.0
Other long-term investments	2.8	0.1	(0.1)	2.8
TOTAL	**8,869.0**	**843.8**	**(585.8)**	**9,127.0**

Notes:

(a) The increase in equity investments operating in France was mainly due to the capital increases of the subsidiaries Air Liquide International (400.0 million euros), Fabriques d'Oxygène du Sud-Ouest Réunies (59.8 million euros), Air Liquide Finance (38.4 million euros), Air Liquide Hydrogène (21.0 million euros) and Axane (13.2 million euros).

(b) The decrease in equity investments operating in France was mainly due to the buybacks:
- *by Air Liquide Services of its treasury shares for -26.7 million euros in order to cancel them;*
- *by Azérus of its treasury shares for -3.5 million euros in order to cancel them.*

(c) 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 -140.0 million euros.

(d) The change in other long-term investment securities corresponds to:
- *the acquisition of Company treasury shares pursuant to the 4th resolution of the Combined Annual Shareholders' Meetings of May 9, 2007 and May 7, 2008 for 162.2 million euros;*
- *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 9, 2007 and May 7, 2008, for 148.2 million euros and -142.2 million euros respectively;*
- *the cancellation of 2,916,350 shares pursuant to the 8th resolution of the Combined Annual Shareholders' Meeting of May 9, 2007 in the amount of -272.3 million euros.*

In accordance with the provisions of Article L. 233-6 of the French Company Law, the Company performed the following transactions in 2008:
- disposal of the 99.88% stake in Air Liquide Expansion;
- increase in the investment in Fabriques d'Oxygène du Sud-Ouest Réunies from 49.98 % to 99.75 %.

2.3. SHAREHOLDERS' EQUITY

As of December 31, 2008, the share capital comprised 260,922,348 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, 2007 (before appropriation of earnings)	Appropriation of 2007 net profit *	Other changes	As of December 31, 2008 (before appropriation of earnings)
Share capital [(a)]	1,313.6		121.5	1,435.1
Additional paid-in capital [(a)]	5.9		12.5	18.4
Special revaluation reserve	25.5			25.5
Reserves:				
■ Legal reserve	133.3			133.3
■ 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)]	632.7	23.2	(357.8)	298.1
Net profit for the year	574.1	(574.1)	695.1	695.1
Accelerated depreciation	45.7		(3.1)	42.6
Other tax-driven provisions	0.1			0.1
TOTAL	**3,119.4**	**(550.9)** [(c)]	**468.2**	**3,036.7**

* *Following the decision made at the Combined Annual Shareholders' Meeting of May 7, 2008.*

Notes:

(a) The change in the "Share capital", "Additional paid-in capital", and "Retained earnings" captions results from the following transactions:

- *capital increases in the amount of 137.5 million euros that break down as follows:*
  - *capital increase of 4.3 million euros resulting from the exercise of 773,842 subscription options.*
    The "Additional paid-in capital" caption increased by the amount of the premiums related to these share capital increases, i.e. 38.1 million euros less the capital increase costs i.e -0.9 million euros.
  - *capital increase of 133.2 million euros, decided at the Board of Directors meeting of May 7, 2008 resulting from the granting for no consideration of one new share for ten existing shares (creation of 24,220,146 new shares) by deducting -14.3 million euros from "Additional paid-in-capital" and -118.9 million euros from "Retained earnings".*
- *capital decrease in the amount of -16.0 million euros decided at the Board of Directors meeting of February 14, 2008, by canceling 2,916,350 treasury shares.*
  The "Additional paid-in capital" and "Retained earnings" captions were reduced by the amount of premiums related to these shares, i.e. -10.4 million euros and -245.9 million euros respectively.

(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.

2.4. 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	2007	2008
Equity investments	63.4	67.4
Other long-term investment securities	12.5	35.8
Loans	1.7	2.5
Inventories and work-in-progress	2.4	4.2
Trade receivables and related accounts	14.8	13.4
Other receivables	7.9	3.1
TOTAL	**102.7**	**126.4**

The net change in impairment and allowances is represented by charges for 57.1 million euros, utilizations for -31.7 million euros and cancellations for -1.7 million euros.

Charges mainly relate to impairments of equity investments (18.5 million euros), Company treasury shares (23.8 million euros) and trade receivables (9.5 million euros).

Utilizations correspond to impairments of trade receivables for -10.5 million euros, equity investments for -13.9 million euros and current accounts for -6.2 million euros.

B. Tax-driven provisions

Tax-driven provisions break down as follows:

In millions of euros	2007	2008
Accelerated depreciation	45.7	42.6
Other special provisions in the form of a tax exemption	0.1	0.1

The net change in accelerated depreciation is represented by net reversals and cancellations for -3.1 million euros, performed under normal depreciation and amortization policies.

The movements recorded in tax-driven provisions resulted in an increase in net profit for the year by 2.0 million euros (1.4 million euros in 2007).

Tax options were used to a maximum extent.

C. Provisions

Provisions include:

- contingency provisions for industrial and sales contingencies, litigation, and probable losses due to sector risks or the launch of new businesses;
- provisions for jubilee awards and vested rights with regard to retirement termination benefits, restructuring expenses or repairs.

Provisions break down as follows:

In millions of euros	2007	2008
Provisions for contingencies	15.2	14.3
Provisions for losses	35.4	30.5
TOTAL	**50.6**	**44.8**

The net change in provisions for contingencies and losses is represented by charges for 5.4 million euros, utilizations for -7.1 million euros and cancellations for -4.1 million euros.

Charges mainly relate to provisions for industrial and sales contingencies (2.3 million euros), foreign exchange risks (0.7 million euros) and jubilee awards and vested rights with regard to retirement termination benefits (0.7 million euros).

Utilizations primarily stem from Industrial Merchant activity restructuring costs (-6.2 million euros).

Cancellations primarily relate to provisions for industrial and sales contingencies (-2.7 million euros) and foreign exchange risks (-0.8 million euros).

The provision for vested rights with regard to retirement termination benefits totaled 26.0 million euros (25.4 million euros in 2007).

2.5. DEBT MATURITY ANALYSIS, PREPAYMENTS AND DEFERRED INCOME

	2007	2008		
In millions of euros	Gross	Gross	1 year or less	More than 1 year
Assets				
Loans to equity affiliates	1.2	1.2		1.2
Loans	5.1	5.0	0.3	4.7
Other long-term investments	2.8	2.8	1.7	1.1
SUB-TOTAL	**9.1**	**9.0**	**2.0**	**7.0**
Trade receivables and related accounts [(a)]	380.7	444.6	444.6	
Other receivables	603.7	714.4	714.4	
Prepayments and miscellaneous	5.0	4.2	4.2	
SUB-TOTAL	**989.4**	**1,163.2**	**1,163.2**	
TOTAL	**998.5**	**1,172.2**	**1,165.2**	**7.0**
(a) Including notes receivable	*6.3*	*8.4*	*8.4*	

In millions of euros	2007 Gross	2008 Gross	2008 1 year or less	2008 1 to 5 years	2008 More than 5 years
Liabilities					
Other bonds	1,400.0	1,643.4	43.4	900.0	700.0
Bank borrowings [(a)]	1,011.0	700.8	215.8	485.0	
Other borrowings	52.9	60.0	32.5	27.5	
Payments received from customers	58.7	48.6	18.7	19.1	10.8
Trade payables and related accounts [(b)]	284.9	388.0	388.0		
Tax and employee-related liabilities	307.7	376.7	376.7		
Amounts payable in respect of fixed assets and related accounts [(c)]	6.8	4.4	4.4		
Other amounts payable	3,781.3	4,126.8	4,126.8		
Deferred income and miscellaneous	22.7	30.1	20.1	10.0	
TOTAL	**6,926.0**	**7,378.8**	**5,226.4**	**1,441.6**	**710.8**
(a) Including current bank loans and credit balance bank accounts		*22.4*	*22.4*		

(b) Including notes payable
(c) Including notes payable on non-current assets

2.6 ACCRUED INCOME AND ACCRUED EXPENSES

In millions of euros	2007	2008
Accrued income		
Accrued income included in the following balance sheet items:		
Trade receivables and related accounts	3.9	2.1
Other receivables	60.6	6.0
TOTAL	**64.5**	**8.1**
Accrued expenses		
Accrued expenses included in the following balance sheet items:		
Other bonds		43.4
Bank borrowings		4.8
Other borrowings	0.5	0.5
Trade payables and related accounts	107.3	114.1
Tax and employee-related liabilities	61.8	64.6
Amounts payable on fixed assets and related accounts	2.3	1.6
Other amounts payable	42.6	12.6
TOTAL	**214.5**	**241.6**

2.7. PREPAYMENTS AND DEFERRED INCOME

Prepayments and deferred income include income and expense items recorded during the period but related to a subsequent period.

2.8. ITEMS CONCERNING RELATED UNDERTAKINGS

	2007		2008	
In millions of euros	Gross	Including related undertakings	Gross	Including related undertakings
Balance sheet				
Trade receivables and related accounts	380.7	91.6	444.6	167.5
Other receivables	603.7	530.9	714.4	668.6
Other borrowings	52.9		60.0	
Trade payables and related accounts (including amounts payable on fixed assets)	291.7	161.0	392.4	269.1
Other amounts payable	3,781.3	3,727.5	4,126.8	4,102.9
Income statement				
Financial expenses	264.4	160.7	308.8	186.9
Financial income	706.6	700.4	845.3	835.0

2.9. OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments break down as follows:

In millions of euros	2007	2008
Commitments received		
Endorsements, securities and guarantees received	0.9	0.5
TOTAL	**0.9**	**0.5**
Commitments given		
Endorsements, securities and guarantees given	22.0	8.6
To Air Liquide Finance and Air Liquide US LLC on transactions performed	1,430.0	2,411.3
TOTAL	**1,452.0**	**2,419.9**

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.

2.10. FINANCIAL INSTRUMENTS

Unsettled derivatives as of December 31, 2008 break down as follows:

	2007		2008	
In millions of euros	Carrying value	Fair value difference	Carrying value	Fair value difference
Foreign exchange risk				
Currency forwards	99.8	2.8	141.0	(2.9)
TOTAL	**99.8**	**2.8**	**141.0**	**(2.9)**
Interest rate risk				
Interest rate swaps	72.5	1.4	72.5	(2.1)
TOTAL	**72.5**	**1.4**	**72.5**	**(2.1)**

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 2008 and 2007 year-ends.

2.11. NET REVENUE

In millions of euros	2007	2008
Breakdown by business sector		
Gas and Services	1,398.2	1,503.8
Engineering and Construction	186.8	193.7
TOTAL	**1,585.0**	**1,697.5**
Breakdown by geographical area		
France	1,479.2	1,590.1
Abroad	105.8	107.4
TOTAL	**1,585.0**	**1,697.5**

2.12. EXPENSE RECLASSIFICATIONS

Expense reclassifications mainly include the reclassification to exceptional items of expenses related to the reorganization of the Industrial Merchant activity for 16.4 million euros in 2008 and 22.5 million euros in 2007.

2.13. EXCEPTIONAL INCOME AND EXPENSES

Exceptional income and expenses in 2008 primarily include:

- a charge for the impairment (net of reversals and disposal losses) of equity investments for -18.0 million euros;
- losses (net of gains) on the sale of Company shares under the liquidity contract for -3.3 million euros (gains net of losses amounted to 1.8 million euros in 2007);
- a charge for the impairment of treasury shares for -23.8 million euros;
- the reversal of a debt related to the tax consolidation regime for 17.3 million euros (20.0 million euros in 2007);
- exceptional income related to the invoicing of lost packaging for 2.8 million euros (1.9 million euros in 2007);
- net costs of a provision reversal for the restructuring of the Industrial Merchant activity for -10.1 million euros (-15.2 million euros in 2007);
- reversal of provision for accelerated depreciation for 3.1 million euros.

In addition, exceptional income and expenses included in 2007:

- capital gains (net of capital losses) on asset disposals for 2.8 million euros;
- exceptional employee costs for -6.5 million euros.

2.14. 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 (4,686 retirees as of December 31, 2008) and to employees over 45, or with more than 20 years of service as of January 1, 1996 (437 employees as of December 31, 2008). 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 38.7 million euros in 2008 (36.5 million euros in 2007) 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, 2008, would be equal to approximately 627.0 million euros (541.6 million euros for retirees and 85.4 million euros for active employees).

Up to 5.1 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 (4,406 employees as of December 31, 2008) with at least one year of service. Contributions to this plan are jointly paid by the employer and employee. For 2008, employer contributions amounted to 7.0 million euros (6.5 million euros in 2007).

C. Retirement termination benefits and jubilees

The corresponding obligations are provided for in the amount of 26.0 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, 2007	**632.5**	**46.5**	**2.4**	**681.4**
Service cost	3.5	2.3	0.1	5.9
Interest cost	32.9	2.4	0.1	35.4
Employee contributions				
Plan amendments				
Curtailment / Settlement				
Transfers		0.1		0.1
Acquisition / (Divestiture) / Merger				
Benefit payments	(42.5)	(4.2)	(0.1)	(46.8)
Actuarial (gains) / losses	0.6	0.9	(0.1)	1.4
Exchange rate movements				
Obligations as of December 31, 2008	**627.0**	**48.0**	**2.4**	**677.4**

2.15. 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.

2.16. CORPORATE INCOME TAX

Corporate income tax totaled 8.9 million euros, compared to 8.3 million in 2007.

It breaks down as follows, after allocation of add-backs, deductions and tax credits relating to profits:

In millions of euros	2007	2008
Net profit from ordinary activities before tax	7.6	7.8
Net profit from exceptional items excluding transfers		0.1
Transfers		
Additional contributions	0.7	1.0
TOTAL	**8.3**	**8.9**

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 2007).

The Company adopted the tax consolidation regime to determine corporate income tax.

2.17. DEFERRED TAXES

Deferred taxes arise from the timing 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, 2008 are estimated as follows:

In millions of euros	2007	2008
Deferred tax assets (decrease in future tax expense)	10.4	9.1
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%).

2.18. 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	2008
Remuneration of Executive Management	0.6
Remuneration of the Board of Directors	5.6
TOTAL	**6.2**

During 2008, the Company paid amounts to third parties with respect to supplemental retirement benefits (defined contribution plans) on behalf of Benoît Potier, Klaus Schmieder and Pierre Dufour (77,242 euros, 89,302 euros and 77,242 euros respectively) and death and disability benefits on behalf of Benoît Potier and Pierre Dufour (58,967 euros and 16,928 euros respectively) for a total of 319,681 euros.

2.19. AVERAGE NUMBER OF EMPLOYEES

The monthly average number of employees was:

	2007	2008
Engineers and executives	1,939	2,101
Supervisory staff	2,266	2,295
Employees	124	112
Laborers	640	616
TOTAL	**4,969**	**5,124**

2.20. SUBSIDIARIES AND AFFILIATES INFORMATION

In thousands of euros	**Share capital as of December 31, 2008**	**Other equity as of December 31, 2008**	**% 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	(32,532) [(a)]	99.99
Société Immobilière de L'Air Liquide - 75 quai d'Orsay - 75007 Paris	50	(14,294) [(a)]	99.99
Air Liquide International [(b)] - 75 quai d'Orsay - 75007 Paris	2,604,749	3,023,618 [(a)]	99.99
Air Liquide Stockage - 6 rue Cognacq-Jay - 75007 Paris	224,793	41,072	100.00
Société des Gaz Industriels de France - 6 rue Cognacq-Jay - 75007 Paris	115,138	171,335	65.13
Air Liquide Hydrogène - 6 rue Cognacq-Jay - 75007 Paris	61,037	(10,491)	99.99
Chemoxal - 75 quai d'Orsay - 75007 Paris	30,036	(70,743) [(a)]	99.99
Société Industrielle des Gaz de l'Air - 75 quai d'Orsay - 75007 Paris	34,513	(8,680)	99.58
Altal - 75 quai d'Orsay - 75007 Paris	15,292	539	99.99
Air Liquide Finance - 6 rue Cognacq-Jay - 75007 Paris	72,000	2,695	99.99
Air Liquide Engineering - 6 rue Cognacq-Jay - 75007 Paris	12,000	15,312	99.99
Fabriques d'Oxygène du Sud-Ouest Réunies - 6 rue Cognacq-Jay - 75007 Paris	60,065	(31)	99.75
b) Companies operating outside of France			
Air Liquide Industriegase GmbH & Co. KG - Hans-Günther-Sohl-Strasse 5 - 40235 Düsseldorf - Germany	10	2,416,869	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	14,614	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 Santé (International), 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							
Gross	Net	Including revaluation difference	Loans and advances granted by the Company and not repaid	Guarantees and endorsements given by the Company	2008 net revenue	Net profit (or loss) for 2008	Dividends collected by the Company during 2008
110,808	110,808	6,301			18,387	126,027	163,960 (a)
16,108	16,108	16,070			8,603	16,350	14,826 (a)
5,832,897	5,832,897	21,186				844,538	460,908 (a)
225,189	225,189				46,002	4,843	
115,148	115,148				396,016	12,298	
61,037	54,037				89,055	(7,418)	
30,326	30,326					75,827	90,088 (a)
35,575	35,575				89	(1,640)	
16,150	15,779				56,161	(153)	
72,901	72,901			2,411,339		6,958	30,240
16,028	16,028				370,159	10,329	5,250
59,912	59,912					(1,442)	
2,242,942	2,242,942				72,146	183,279	
20,388	20,388				208,472	27,058	5,804
127,940	68,671	2,348	1,390	441			25,968
341	341						
8,734	7,997						12,578

MARKETABLE SECURITIES HELD IN PORTFOLIO AS OF DECEMBER 31, 2008

In thousands of euros

Number of shares or units	% shareholding	Companies	Net carrying amounts after 1976-1978 and 1979 revaluations
A. Shares with a net carrying amount exceeding 15,245 euros per share category or shareholding			
I - Equity investments			
		1. French companies	
		a/ Listed equity investments	
		None	
		b/ Unlisted equity investments	
173,649,944	99.99	Air Liquide International	5,832,897
22,479,281	100.00	Air Liquide Stockage	225,189
491,715	65.13	Société des Gaz Industriels de France	115,148
2,084,151	99.99	Air Liquide Santé (International)	110,808
5,999,994	99.99	Air Liquide Finance	72,901
3,929,995	99.75	Fabriques d'Oxygène du Sud-Ouest Réunies	59,912
6,103,693	99.99	Air Liquide Hydrogène	54,037
2,291,090	99.58	Société Industrielle des Gaz de l'Air	35,575
1,969,564	99.99	Chemoxal	30,326
70,184	10.12	Air Liquide Santé France	20,388
749,993	99.99	Air Liquide Engineering	16,028
955,723	99.99	Altal	15,779
58,950	89.18	Carbonique Française - Azote et Produits Chimiques - CAPEC	11,305
488,346	76.49	Air Liquide Electronics Materials	7,445
1,434,810	99.99	Air Liquide Participations	6,839
437,780	99.99	Air Liquide Electronics Systems	6,674
487,777	99.99	Air Liquide Services	5,853
299,993	99.99	Sudac Air Service	4,848
244,316	98.36	Aqualung International	4,147
194,993	99.99	Cryolor	4,003
3,209,623	99.99	Axane	3,432
2,494	99.76	Carbo 2	3,404
201,531	99.99	Cryopal	3,024
179,994	99.99	Sicogef	2,744
39,994	99.98	Sorgal	1,975

In thousands of euros

Number of shares or units	% shareholding	Companies	Net carrying amounts after 1976-1978 and 1979 revaluations
59,104	99.99	Baikowski Soudage	1,296
40,495	99.99	Air Liquide Europe Centrale et Orientale	618
12,125	99.95	Azérus	196
319,796	99.94	Société Anonyme Française Péroune	159
5,000	100.00	Air Liquide Production	50
4,994	99.88	Air Liquide Exploitation	50
4,994	99.88	Air Liquide Management	50
4,994	99.88	Air Liquide Marketing	50
3,194	99.81	Air Liquide Cryogénic Services	48
2,494	0.82	Bioxal	38
			6,657,236
		2. Foreign companies	
		a/ Listed equity investments	
		None	
		b/ Unlisted equity investments	**2,252,526**
II - Other long-term investment securities			
		1. French companies	
		a/ Listed securities	
1,368,660	0.52	Treasury shares	87,356
			87,356
		b/ Unlisted securities	
742,322	1.86	Arianespace Participation	997
			997
		2. Foreign companies	
		None	
III - Marketable securities			**17,751**
B. Securities with a net carrying amount of less than 15,245 euros			
		a/ Equity investments	30
		b/ Other long-term investment securities	15
			45
C. Investments in real estate companies			
		Unlisted securities	**16,638**
GRAND TOTAL (A + B + C)			**9,032,549**

Statutory Auditors' Report
on the annual financial statements

This is a free translation into English of the Statutory Auditors' Report issued in the French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made 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 captions or on information taken outside the financial statements.
This report should be read in conjunction with, and is 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 Shareholders' meeting, we hereby report to you, for the year ended December 31, 2008, on:

- the audit of the accompanying annual financial statements of L'Air Liquide S.A.,
- 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, 2008 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 Company Law (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 1.2.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 the specific verifications required by French law.

We have no matters to report regarding:

- the fair presentation and the conformity with the financial statements of the information given in the Directors' Report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- the fair presentation of the information given in the Directors' Report in respect of remunerations and benefits granted to the relevant directors and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function.

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 12, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

FIVE-YEAR SUMMARY

(Articles R 225-83 et R 225-102 of French Code de commerce)

	2004	2005	2006	2007	2008
I - Share capital at the end of the year					
a) Share capital *(in euros)* [(a) (b) (c)]	1,200,989,053	1,204,923,225	1,332,641,079	1,313,645,905	1,435,072,914
b) Number of outstanding ordinary shares [(d)]	109,180,823	109,538,475	121,149,189	238,844,710	260,922,348
c) Number of shares with bonus dividend entitlement [(d) (e)]	25,876,746	27,264,001	31,126,097	61,587,166	67,969,494
d) Convertible bonds					
II - Operations and results of the year *(in millions of euros)*					
a) Net revenue	1,347.6	1,460.1	1,549.7	1,585.0	1,697.5
b) Net profit before tax, employee profit-sharing, depreciation, amortization and provisions [(f)]	553.8	563.9	634.9	657.3	819.7
c) Corporate income tax	10.0	33.8	7.8	8.3	8.9
d) Employee profit-sharing for the year	2.0	1.7	2.6	2.7	3.3
e) Net profit after tax, employee profit-sharing and depreciation, amortization and provisions [(f)]	383.9	441.3	547.6	574.1	695.1
f) Non-recurring capital gains or losses [(g)]		155.8			
g) Net profit	383.9	597.1	547.6	574.1	695.1
h) Distributed profit	391.2	432.1	497.0	551.0	602.0
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	4.96	5.06	5.16	2.71	3.10
■ over the adjusted number of shares [(h)]	2.06	2.11	2.36	2.45	3.11
b) Net profit after tax, employee profit-sharing and depreciation, amortization and provisions [(f)]					
■ over the number of ordinary shares outstanding	3.52	4.03	4.52	2.40	2.66
■ over the adjusted number of shares [(h)]	1.46	1.69	2.07	2.18	2.68
c) Dividend allocated to each share					
■ over the number of ordinary shares outstanding	3.50	3.85	4.00	2.25	2.25
■ over the adjusted number of shares [(i)]	1.44	1.58	1.81	2.04	2.25
d) Bonus dividend					
■ over the number of beneficiary shares	0.35	0.38	0.40	0.22	0.22
■ over the number of adjusted shares [(i)]	0.14	0.16	0.18	0.20	0.22
IV - Employees working in France					
a) Average number of salaried employees during the year	5,028	5,057	4,991	4,969	5,124
b) Total payroll for the year *(in millions of euros)*	218.8	228.2	235.3	244.1	260.4
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)*	170.3	179.4	187.8	197.7	211.8

(a) *Using the authorization granted by the 9th resolution of the Combined Annual Shareholders' Meeting of May 15, 2003, 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 25, 2004, capital decrease by cancellation of 1,000,000 treasury shares;
- 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 14th resolution of the Combined Annual Shareholders' Meeting of May 12, 2004, the Management Board made the following decisions:*
- in its meeting of May 12, 2004, the granting for no consideration of one new share for ten existing shares (ranking for dividends as of 01.01.2004), and the granting for no consideration of a 10% bonus for shares held in registered form from December 31, 2001 to June 11, 2004 (ranking for dividends as of 01.01.2004).

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 one new share for ten 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 one new share for ten 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 14, 2008, the issuance of 83,800 shares arising from:
  - the exercise of 7,147 options, in accordance with the deliberations of the Board of Directors on May 12, 1999. These shares were subscribed at the price of 49.40 euros, i.e. with a premium of 43.90 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 58,553 options, in accordance with the deliberations of the Management Board on June 14, 2002. These shares were subscribed at the price of 61.70 euros, i.e. with a premium of 56.20 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 14,754 options, in accordance with the deliberations of the Management Board on October 10,2002. These shares were subscribed at the price of 52.89 euros, i.e. with a premium of 47.39 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 100 options, in accordance with the deliberations of the Management Board on October 10,2002. These shares were subscribed at the price of 52.93 euros, i.e. with a premium of 47.43 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 2,363 options, in accordance with the deliberations of the Management Board on April 8, 2004. These shares were subscribed at the price of 57.43 euros, i.e. with a premium of 51.93 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 883 options, in accordance with the deliberations of the Management Board on March 21, 2005. These shares were subscribed at the price of 62.72 euros, i.e. with a premium of 57.22 euros (ranking for dividends as of 01.01.2008).
- in its meeting of May 7, 2008, the issuance of 216,893 shares arising from:
  - the exercise of 22,497 options, in accordance with the deliberations of the Board of Directors on May 12, 1999. These shares were subscribed at the price of 49.40 euros, i.e. with a premium of 43.90 euros (ranking for dividends as of 01.01.2008).
  - the exercise of 99,488 options, in accordance with the deliberations of the Management Board on June 14, 2002. These shares were subscribed at the price of 61.70 euros, i.e. with a premium of 56.20 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 24,250 options, in accordance with the deliberations of the Management Board on October 10,2002. These shares were subscribed at the price of 52.89 euros, i.e. with a premium of 47.39 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 100 options, in accordance with the deliberations of the Management Board on October 10,2002. These shares were subscribed at the price of 52.93 euros, i.e. with a premium of 47.43 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 70,558 options, in accordance with the deliberations of the Management Board on April 8, 2004. These shares were subscribed at the price of 57.43 euros, i.e. with a premium of 51.93 euros (ranking for dividends as of 01.01.2008).

Using the authorizations granted by the resolutions of the Combined Annual Shareholders' Meeting of May 12, 1999 and the Combined Annual Shareholders' Meeting of April 30, 2002 by delegation of powers granted by the Board of Directors at its meeting of May 7, 2008 to the Chairman and Chief Executive Officer, who himself delegated such powers:
- on June 9, 2008, the Senior Executive Vice-President took due note of the issuance of 57,450 shares resulting from:
  - the exercise of 7,496 options, in accordance with the deliberations of the Board of Directors on May 12, 1999. These shares were subscribed at the price of 49.40 euros, i.e. with a premium of 43.90 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 12,901 options, in accordance with the deliberations of the Management Board on June 14, 2002. These shares were subscribed at the price of 61.70 euros, i.e. with a premium of 56.20 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 8,042 options, in accordance with the deliberations of the Management Board on October 10, 2002. These shares were subscribed at the price of 52.89 euros, i.e. with a premium of 47.39 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 50 options, in accordance with the deliberations of the Management Board on October 10, 2002. These shares were subscribed at the price of 52.93 euros, i.e. with a premium of 47.43 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 28,961 options, in accordance with the deliberations of the Management Board on April 8, 2004. These shares were subscribed at the price of 57.43 euros, i.e. with a premium of 51.93 euros (ranking for dividends as of 01.01.2008),

Using the authorizations granted by the resolutions of the Combined Annual Shareholders' Meeting of May 12, 1999 and the Combined Annual Shareholders' Meeting of April 30, 2002 by delegation of powers granted by the Board of Directors at its meeting of May 7, 2008:

- on December 16, 2008, the Chairman and Chief Executive Officer took due note of the issuance of 383,048 shares resulting from:
  - the exercise of 87,082 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 01.01.2008),
  - the exercise of 188,321 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 01.01.2008),
  - the exercise of 675 options, in accordance with the deliberations of the Management Board on October 10, 2002. These shares were subscribed at the price of 52.89 euros, i.e. with a premium of 47.39 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 52,974 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 01.01.2008),
  - the exercise of 220 options, in accordance with the deliberations of the Management Board on October 10, 2002. These shares were subscribed at the price of 48.12 euros, i.e. with a premium of 42.62 euros (ranking for dividends as of 01.01.2008),
  - the exercise of 53,776 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 01.01.2008).

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, and the Combined Annual Shareholders' Meeting of May 12, 2004, the Board of Directors noted:

- in its meeting of February 13, 2009, the issuance of 32,651 shares arising from:
  - the exercise of 6,599 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 01.01.2008),
  - the exercise of 19,656 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 01.01.2008),
  - the exercise of 2,152 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 01.01.2008),
  - the exercise of 1,053 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 01.01.2008),
  - the exercise of 1,735 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 01.01.2008),
  - the exercise of 1,456 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 01.01.2008).

(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 retaining 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 stock split.

Annual General Meeting 2009

Board of Directors' Report

on the resolutions presented to the Combined Shareholders' Meeting

NET EARNINGS 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, 2008 amounted to 1,697.5 million euros compared to 1,585.0 million euros in 2007, up by 7.1%.

Net earnings of L'Air Liquide S.A. for the fiscal year ended December 31, 2008 amounted to 695.1 million euros compared to 574.1 million euros for 2007.

The income from French and foreign equity securities amounted to 810.1 million euros compared to 683.7 million euros in 2007.

Consolidated revenue for 2008 amounted to 13,103.1 million euros, compared to 11,801.2 million euros in 2007, up by 11.0%. On a comparable basis (excluding foreign exchange impacts, natural gas prices and material changes in the scope of consolidation), the increase is 6.9%.

Consolidated net earnings, after deduction of minority interests, amounted to 1,220.0 million euros compared with 1,123.1 million euros in 2007, an increase of 8.6% (a 10.8% 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 given the employees of certain Group companies the possibility to subscribe for capital increases reserved for them. A total of 2,036,034 shares (excluding the share split and the allocation of bonus shares to shareholders) have been subscribed in this manner.

Pursuant to Article L. 225-102 of the French Commercial Code, it is specified that a total of 2,675,224 shares, representing 1% of capital and voting rights, were held by the employees of the Company and its subsidiaries within the meaning of Article L. 225-180 of the French Commercial Code as of December 31, 2008.

Identity of the holders of the share capital and voting rights

After having declared on August 21, 2007 that it held 5,5% of the share capital and voting rights, Legendre Holding 11, controlled by Eurazeo, notified on July 7, 2008 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.

On December 31, 2006 and December 31, 2008, no shareholder had notified holding 5% or more of the capital and voting rights.

INVESTMENTS AND ACQUISITION OF CONTROLLING INTERESTS

In accordance with the provisions of Article L. 233-6 of the French Commercial Code it should be noted that in 2008 L'Air Liquide S.A.:

- increased its investment in Fabriques d'Oxygène du Sud-Ouest Réunies from 49.98% to 99.75% and;
- transferred its 99.88% investment in Air Liquide Expansion to Air Liquide International.

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 2008 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, 2008 as presented, as well as the transactions set out in these financial statements or mentioned in these reports.

Your Company's net earnings allow the Board to propose the payment of a dividend of 2.25 euros for each of the shares entitling to a dividend, being specified that in the event of a variation of the number of shares entitling to a dividend compared to the 260,922,348 shares making up the share capital as at December 31, 2008, 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 dividend of 2.25 euros is unchanged from the one paid in 2008 (being specified that in the meantime the number of shares has increased by 10% following the bonus share issue in June 2008). Air Liquide dividend will be paid on May 18, 2009.

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 § 3, 2° of Article 158 of the French Tax Code.

In addition, the shareholders who had held their shares in registered form for at least two years as of December 31, 2008 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 67,969,494 shares at December 31, 2008), 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 § 3, 2° of Article 158 of the French Tax Code.

The difference between the bonus dividend calculated on the number of actions known to exist at December 31, 2008 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 2008 of 695,133,673 euros, less the allocation to the legal reserve of 10,243,183 euros plus available retained earnings at December 31, 2008 of 298,208,024 euros, i.e. a total of 983,098,514 euros.

We propose that you allocate distributable earnings for the fiscal year 2008, i.e. 983,098,514 euros, as follows:

	(in euros)
appropriation	
• to retained earnings	381,069,942
• to the distribution of a dividend	602,028,572

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:

2005	**Total amount distributed** *(in euros)*	**Number of shares** [(a)]	**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	421,723,129	109,538,475	3.85
Bonus dividend	10,360,320	27,264,001	0.38
2006	**Total amount distributed** *(in euros)*	**Number of shares** [(a)]	**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** *(in euros)*	**Number of shares** [(a)]	**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

(a) Number of shares expressed historically.

In 2006, the change in the number of shares essentially results from the allocation of bonus shares to shareholders (creation of 11,180,106 shares through the allocation of one new share for ten old shares).

In 2007, the change in the number of shares primarily results from the division by 2 of the Air Liquide share par value on June 13, 2007.

Company share buy-backs

A. INFORMATION ON THE COMPLETION OF THE COMPANY'S SHARE BUYBACK PROGRAM (PURSUANT TO ARTICLE L. 225-211 OF THE FRENCH COMMERCIAL CODE AS AMENDED BY REGULATION N° 2009-105 OF JANUARY 30, 2009)

The Combined Shareholders' Meeting of May 7, 2008 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 European regulation No. 2273/2003 of December 22, 2003, to cause the Company to repurchase its own shares in order to:

- either cancel them;
- or 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;
- or implement any share purchase option plans or bonus share allotment plans, 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 bonus share allotment in respect of a contribution in shares by the Company and/or to replace the discount;
- or maintain an active market in the Company's shares pursuant to a market liquidity agreement 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 at December 31, 2007, that is 23,884,471 shares for a maximum total amount of 3,940,937,715 euros, subject to the legal limits.

These shares could be purchased at any time, excluding the periods for public offerings, 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 were set up:

1. a share purchase program which led to the following movements during the 2008 fiscal year:
   - 1,881,326 shares (including 30,310 shares arising from the bonus share allotment of June 9, 2008) were purchased for a total amount of 162,177,865 euros or an average price of 86.20 euros,
   - 2,916,350 shares were cancelled for a total carrying amount of 272,333,891 euros or an average price of 93.38 euros, further to the decision made by the Board of Directors on February 14, 2008, in accordance with the provisions set out in the eighth resolution of the Combined Shareholders' Meeting of May 9, 2007;
2. a liquidity agreement which led to the following movements during the 2008 fiscal year:
   - 1,790,261 shares (including 11,960 shares arising from the bonus share allotment of June 9, 2008) were purchased for a total amount of 148,178,550 euros or an average purchase price of 82.77 euros,
   - 1,662,223 shares were sold for a total amount of 138,853,564 euros or an average price of 83.53 euros;
3. The total cost of the buybacks, including the shares covered by the liquidity contract in force since January 2008, was 310,356,415 euros.

The total amount of the negotiation fees (exclusive of taxes) was 0.35 million euros.

(This amount does not include 0.15 million euros corresponding to the tax on buybacks collected by the AMF).

As of December 31, 2008, considering the shares purchased and cancelled during the year as mentioned above, the Company directly owns 1,183,385 shares at an average purchase price of 63.95 euros, i.e. a balance sheet value of 75,677,471 euros and, in respect of the liquidity contract, 185,275 shares at an average purchase price of 63.03 euros, i.e. a balance sheet value of 11,678,554 euros. These shares, each with a nominal value of 5.50 euros, represent 0.52% of the Company's capital.

Furthermore, for the liquidity contract, marketable securities in the amount of 17,751,250 euros are recorded on the Company's balance sheet.

Pursuant to European regulation No. 2273/2003 of December 22, 2003 and the AMF regulations, the Board allocated the shares retained as of December 31, 2007 (4,099,735 shares) and those purchased in 2008 for the purpose of a share exchange or payment within the scope of external growth transactions. As mentioned above, on February 14, 2008, the Board decided to modify this choice by allocating 2,916,350 shares for the purpose of cancelling them.

The balance of the shares held on December 31, 2008 (1,183,385 shares representing 0.45% of the share capital) is still allocated for the purpose of a share exchange or as payment for an acquisition.

B. PROPOSED RESOLUTION

As the authorization granted by the Ordinary Shareholders' Meeting of May 7, 2008 was partially used, the Board proposes to replace it with a new authorization to cause the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the twelfth 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) bonus share allotment plans, 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 Employment Code through the transfer of shares acquired previously by the Company under this resolution, or providing for a bonus share allotment 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 agreement 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 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, 2008, or 26,092,234 shares with a par value of 5.50 euros, for a maximum total amount of 4,305,218,610 euros, subject to the legal limits.

These shares may be purchased at any time, except during a takeover period, 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.

Shares bought back may be assigned or transferred in any manner on or off a stock exchange or through private transactions, 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 the Shareholders' Meeting. It supersedes the authorization granted by the Ordinary Shareholders' Meeting of May 7, 2008 with respect to the non-utilized portion of such authorization.

Renewal of three members of the Board of Directors

The terms of office of Thierry Desmarest, Alain Joly and Thierry Peugeot are due to expire at the date of this Shareholders' Meeting.

As Thierry Desmarest, Alain Joly and Thierry Peugeot agree to the renewal of their terms of office, we propose to you a resolution with a view to reelecting them as members of the Company's Board of Directors for a period of four years.

Sir Lindsay Owen-Jones, whose term of office as director is due to expire at the end of this Shareholders' Meeting, did not seek renewal. The Board expresses its recognition for his significant contribution to the work of the Board and its Committees over the last fifteen years.

Report on related party agreements and commitments

These resolutions concern regulated agreements and commitments between related parties, excluding ordinary business transactions, entered into between the Company and its executives or with a company with which it has the same executives. These agreements are the subject of a Special Report issued by the Statutory Auditors.

The eighth resolution concerns the renewal of the treasury share purchase agreement entrusted to BNP Paribas under the authorization granted by the Shareholders' Meeting. You are asked to approve this agreement as Alain Joly, a member of the Company's Board of Directors, is also a director at BNP Paribas.

The shareholders are asked, as part of a distinct and separate resolution for each corporate officer (ninth, tenth and eleventh resolutions), to approve the amendment to the termination payment commitments made in favor of Benoit Potier, Klaus Schmieder and Pierre Dufour, senior Company executives, as well as the Special Report of the Statutory Auditors on this matter.

Following the Board of Directors' ruling of February 13, 2009, and pursuant to AFEP/MEDEF recommendations, these commitments which are subject to performance conditions, have been limited to departures imposed by a change in strategy or change in control. These commitments may not, for any executive corporate officers of Air Liquide, exceed 24 months of fixed and variable remuneration (including any statutory payments, payments provided for by the collective bargaining agreement or non-competition payments due on account of termination of the employment contract, where applicable).

The Board of Directors' ruling of February 13, 2009 is available on the Company's website. The agreements hereinabove 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 you will find in their entirety in this Reference Document.

RESOLUTIONS WITHIN THE AUTHORITY OF THE EXTRAORDINARY SHAREHOLDERS' MEETING

Cancellation of shares purchased by the Company via a reduction in capital

To recap, in 2008 a total of 2,916,350 shares for a carrying amount of 272,333,891 euros were cancelled following a decision of the Board of Directors on February 14, 2008 (see page 218 Information on the completion of the share buyback 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, 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 replaces the authorization granted by the Extraordinary Shareholders' Meeting of May 7, 2008 in its fourteenth resolution.

Delegation of powers to the Board of Directors in order to issue free share subscription warrants in case a public tender offer is launched on the Company

The law of March 31, 2006 transposing the Takeover Directive allows, in case a tender offer 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 public offer on the Company's securities launched within eighteen months after this General Meeting, if such tender offer qualifies under the so-called "reciprocity exception" as provided by law.

In summary, the "reciprocity exception" applies in particular if a tender offer is launched by a bidder that is not itself subject to a rule preventing it, were it subject to a tender offer, 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 public offer by inducing the bidder to raise the price of his offer 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.

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 an offer 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 offer.

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 offer 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 offer or any competing offer 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 capital increase that would result from the exercise of the warrants would be capped at 717.6 million euros, namely 50% of the share capital. 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 offer 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.

Delegation of authority in order to increase share capital via the issuance of ordinary shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's share capital, with retention of shareholder preferential subscription rights

The Combined Shareholders' Meeting of May 7, 2008 authorized the Board of Directors, for a twenty-six month period, to increase share capital, on one or more occasions, via the issuance of ordinary shares with preferential share subscription rights for shareholders for a maximum par value amount of 250 million euros. This authorization was not used.

Given the current financial market situation, shareholders are asked, pursuant to the fourteenth resolution, to raise the maximum par value amount of potential capital increases with delegation to the Board of Directors to 350 million euros (i.e. approximately 25% of the share capital).

Likewise, to provide the Company with access to more diversified financing instruments, shareholders are asked to grant the Board of Directors with the option of sub-delegation the authority to decide on one or more capital increases via the issuance, in France, and in euros, foreign currencies or units of account determined according to several currencies, ordinary shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's shares.

Under the fifteenth resolution, and in the event of oversubscription, the Board would have the possibility of increasing, within the statutory limits, the amount of any share issue or marketable securities issue carried out pursuant to the fourteenth resolution.

The total amount of share capital increases likely to be thereby performed, immediately and/or in the future, may not therefore exceed 350 million euros in par value , including the total amount of share capital increases performed in accordance with the sixteenth and seventeenth resolutions. Otherwise the maximum par value (or its countervalue in euros on the issue decision date in the event of an issue in foreign currencies or units of account determined by reference to several currencies) of the marketable debt securities conferring entitlement to the Company's share capital issued by virtue of this delegation may not exceed and shall be deducted from the limit set forth in the thirteenth resolution of the Shareholders' Meeting of May 7, 2008 [(1)].

Shareholders shall have, proportional to the amount of their shares, a preferential subscription right to the shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's shares, issued pursuant to this resolution.

This delegation of authority shall be valid for a period of twenty-six months period as from this Shareholders' Meeting and supersedes any previous delegation having the same purpose.

Share subscription reserved for employees

The Shareholders' Meeting of May 7, 2008 had authorized the Board of Directors to increase share capital for a maximum of 27.5 million euros in par value, and a maximum of 5 million shares, for Group employees belonging to a Group or Company savings plan.

Due to the financial market trends prevailing at the end of 2008, 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, 2008, the only changes being an increase in the maximum par value amount (from 27.5 million euros to 30.25 million euros) and the maximum number of shares that can be issued (from 5 million to 5.5 million) in order to take into account the change in share capital since this date.

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 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:

- on the one hand (sixteenth 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 Employment 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;

- on the other hand (seventeenth 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 seventeenth 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 Employment 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 sixteenth 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 (i.e. approximately 2,1% of the share capital), corresponding to the issue of a maximum of 5.5 million shares. 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

(1) Detail added to the fourteenth resolution as published in the BALO meeting notice of February 18, 2009

limit stipulated in paragraph 2 of the fourteenth resolution of this Shareholders' Meeting.

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 Employment 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 sixteenth 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 Employment Code, the Board of Directors may provide for the allotment, on a bonus basis, to the beneficiaries referred to in the sixteenth resolution, 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.

Should the beneficiaries referred to in the sixteenth resolution 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 the non-subscribed shares may be offered again to the beneficiaries concerned within the scope of a subsequent 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 7, 2009

ORDINARY SHAREHOLDERS' MEETING

First resolution

(Approval of the financial statements for the year ended December 31, 2008)

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, 2008 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 695,133,673 euros.

Second resolution

(Approval of the consolidated financial statements for the year ended December 31, 2008)

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, 2008 as presented.

Third resolution

(Appropriation of 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 2008 earnings of 695,133,673 euros, the allocation to the legal reserve of 10,243,183 euros, and the retained earnings on December 31, 2008 of 298,208,024 euros, distributable earnings for the year total 983,098,514 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	381,069,942 euros
Dividend	602,028,572 euros

Hence, a dividend of 2.25 euros shall be paid on each of the shares entitling to a dividend, being specified that in the event of a variation of the number of shares entitling to a dividend compared to the 260,922,348 shares making up the share capital on December 31, 2008, 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.

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 § 3, 2° of Article 158 of the French Tax Code.

The dividend shall be payable on May 18, 2009:

- 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:

2005	Total amount distributed *(in euros)*	Number of shares concerned [a]	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	421,723,129	109,538,475	3.85
Bonus dividend	10,360,320	27,264,001	0.38
2006	**Total amount distributed** *(in euros)*	**Number of shares concerned [a]**	**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** *(in euros)*	**Number of shares concerned [a]**	**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

(a) Number of shares expressed historically.

Pursuant to the provisions of the articles of association, a bonus dividend of 10%, i.e. 0.22 euro 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, 2006, and which shall remain held in this form continuously until May 18, 2009, 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 § 3, 2° of Article 158 of the French Tax Code.

The amount of the bonus dividend, for the 67,969,494 shares which have been held in registered form since December 31, 2006, and which remained held in this form continuously until December 31, 2008, totaled 14,953,289 euros.

The total bonus dividend corresponding to those of these 67,969,494 shares which will have been sold between January 1, 2009 and May 18, 2009, the dividend payment date, shall be deducted from such amount.

Fourth resolution

(Authorization granted to the Board of Directors 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 cause the Company to repurchase its own shares in order to:

- cancel them, subject to the adoption of the twelfth 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 Employment 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 market liquidity agreement in accordance with an ethics charter recognized by the French Financial Markets Authority (Autorité des Marchés Financiers).

The shareholders set the maximum purchase price at 165 euros 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, 2008, i.e. 26,092,234 shares with a par value of 5.50 euros, for a maximum total amount of 4,305,218,610 euros, subject to the legal limits.

These shares may be purchased at any time, excluding the periods for public offerings 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.

Shares bought back may be assigned or transferred in any manner on or off a stock exchange or through private transactions, 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 Ordinary Shareholders' Meeting of May 7, 2008 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 decisions made in connection with this authorization.

The Board of Directors shall inform the shareholders of any transactions performed in accordance with applicable regulations.

Fifth resolution

(Renewal of the term of office of Mr. Thierry Desmarest as a 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. Thierry Desmarest as a director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2013, called to approve the financial statements for the fiscal year ending December 31, 2012.

Sixth resolution

(Renewal of the term of office of Mr. Alain Joly as a 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. Alain Joly as a director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2013, called to approve the financial statements for the fiscal year ending December 31, 2012.

Seventh resolution

(Renewal of the term of office of Mr. Thierry Peugeot as a 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. Thierry Peugeot as a director for a term of four years, which will expire at the end of the Ordinary Shareholders' Meeting for 2013, called to approve the financial statements for the fiscal year ending December 31, 2012.

Eighth resolution

(Approval of the agreement referred to in Article L. 225-38 of the French Commercial Code and of the Statutory Auditors' Special Report relating to BNP Paribas)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, place on record that the Special Report provided for by the laws and regulations currently in force on the agreement and transaction referred to in Article L. 225-38 of the French Commercial Code entered into with BNP Paribas, has been submitted to them.

The shareholders approve the agreement entered into during the 2008 fiscal year and the report prepared with regard to such agreement pursuant to Articles L. 225-38 *et seq*. of the French Commercial Code.

Ninth resolution

(Approval of the agreement referred to in Articles L. 225-38 and L. 225-42-1 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, place on record that the Special Report provided for by the laws and regulations currently in force on the agreement referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code entered into with Mr. Benoît Potier, has been submitted to them.

The shareholders approve the agreement and the report prepared with regard to such agreement pursuant to Articles L. 225-38 and L. 225-42-1 *et seq*. of the French Commercial Code.

Tenth resolution

(Approval of the agreement referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code and of the Statutory Auditors' Special Report relating to Mr. Klaus Schmieder)

The shareholders, deliberating according to the quorum and majority required for Ordinary Shareholders' Meetings, place on record that the Special Report provided for by the laws and regulations currently in force on the agreement referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code entered into with Mr. Klaus Schmieder, has been submitted to them.

The shareholders approve the agreement and the report prepared with regard to such agreement pursuant to Articles L. 225-38 and L. 225-42-1 *et seq*. of the French Commercial Code.

Eleventh resolution

(Approval of the agreement referred to in Articles L. 225-38 and L. 225-42-1 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, place on record that the Special Report provided for by the laws and regulations currently in force on the agreement referred to in Articles L. 225-38 and L. 225-42-1 of the French Commercial Code entered into with Mr. Pierre Dufour, has been submitted to them.

The shareholders approve the agreement and the report prepared with regard to such agreement pursuant to Articles L. 225-38 and L. 225-42-1 *et seq*. of the French Commercial Code.

EXTRAORDINARY SHAREHOLDERS' MEETING

Twelfth resolution

(Authorization granted to the Board of Directors for a 24-month period 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 the Ordinary Shareholders' Meeting in its fourth resolution and of those shares bought back within the scope of the authorization adopted by the Ordinary Shareholders' Meeting of May 7, 2008 and the one of 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 the Shareholders' Meeting. It supersedes the authorization granted by the Extraordinary Shareholders' Meeting of May 7, 2008 in its fourteenth resolution.

Full powers are granted to the Board of Directors to implement this authorization, amend the articles of association, deduct the difference between the net 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.

Thirteenth resolution

(Delegation of powers to the Board in order to issue free share subscription warrants if a public offer is launched on 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 power to decide, if a public offer is launched on the Company:
   - the issuance, in one or several installments, in the amount and on the dates it will determine, of warrants allowing to subscribe 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 offer period ends, and
   - the terms and conditions of the exercise of such warrants and their characteristics, such as the exercise 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 717.6 million euros, this maximum being set independently of any other maximum 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 modification of the par value of the shares, a capital increase by capitalization of reserves, issuance of new equity securities with a preferential subscription right reserved to the shareholders) and if need be, in accordance with the contractual provisions providing for other cases of adjustment, to preserve the rights of the warrant holders here above mentioned;
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 the present delegation will be used only if a public offer is launched on 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 offer 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, will have all the powers to implement, in the conditions provided by law, this delegation.

These warrants will lapse automatically as soon as the public offer or any potential competitive offer 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 given to the Board for a period which shall expire at the end of the offer period of any tender offer filed on 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 fifteenth resolution of the Extraordinary Shareholders' Meeting of May 7, 2008.

Fourteenth resolution

(Delegation of authority for a 26-month period in order to increase share capital via the issuance of shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's share capital, with retention of shareholders' preferential share subscription rights for a maximum par value amount of 350 million euros).

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' Special Report and in accordance with Articles L. 225-129 to L. 225-129-6 and L. 228-91 to L. 228-93 of the French Commercial Code:

1. delegate to the Board of Directors, with the option of sub-delegation, the authority to decide, with retention of preferential share subscription rights, one or more capital increases via the issue, in France, in euros, foreign currencies or units of account determined according to several currencies, of ordinary shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's shares, the subscription of which may be completed in cash or by offsetting against liquid and payable debts.

   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;

2. decide that the total amount of share capital increases likely to be performed thereby immediately and/or in the future may not exceed 350 million euros in par value, including the total amount of share capital increases likely to be performed in accordance with the sixteenth and seventeenth resolutions, this limit being increased by the number of shares necessary for adjustments likely to be made in accordance with applicable legislative and regulatory provisions and, as the case may be, in accordance with the contractual provisions providing for other cases of adjustment, to preserve the rights of holders of marketable securities conferring entitlement to the Company's shares; the maximum par value (or its countervalue in euros on the issue decision date in the event of an issue in foreign currencies or units of account determined by reference to several currencies) of the marketable debt securities conferring entitlement to the Company's share capital issued by virtue of this delegation may not exceed and shall be deducted from the limit set forth in the thirteenth resolution of the Shareholders' Meeting of May 7, 2008 (1) ;

3. decide that the shareholders have, proportional to the amount of their shares, a preferential share subscription right to the shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's shares, issued pursuant to this resolution;

4. decide that if the subscriptions made by the shareholders pro rata to their existing shareholding and, as the case may be, over and above their existing shareholding if allowed by the Board of Directors, have not resulted in the purchase of all of the shares or marketable securities defined above, the Board of Directors may use, in the order it shall deem appropriate, the options set forth in Article L. 225-134 of the French Commercial Code;

5. acknowledge and decide, as necessary, that this delegation shall automatically waive, in favor of the holders of marketable securities conferring entitlement to Company shares likely to be issued under this resolution, the shareholder preferential subscription rights to the new shares to which such securities entitle;

6. take due note that this delegation supersedes the delegation granted by the Extraordinary Shareholders' Meeting of May 7, 2008 in its sixteenth resolution;

7. 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 specifically determine the price, the terms and conditions and dates of issues, and the form and characteristics of the marketable securities to be created, set the amounts to be issued, suspend, where necessary, the exercise of Company share allotment rights attached to marketable securities to be issued within a period not exceeding three months, determine the terms and conditions ensuring, as the case may be, the preservation of rights of holders of marketable securities conferring future entitlement to Company shares, in accordance with the legal, regulatory and, as the case may be, contractual provisions, proceed, where necessary, with any deductions from any issue premium (s) and specifically deductions of costs arising from issues, and generally make all necessary arrangements and enter into any agreements in order to successfully conclude the issues contemplated, duly record the share capital increase (s) arising from any issue carried out via this delegation and amend the articles of association accordingly.

Fifteenth resolution

(Authorization to increase in the event of oversubscription the issuance amount of shares or marketable securities)

The shareholders, deliberating according to the quorum and majority required for Extraordinary Shareholders' Meetings, after having reviewed the Board of Directors' report and the Statutory Auditors' Special Report, and pursuant to the provisions of Article L. 225-135-1 of the French Commercial Code, in the event of an issue of shares or marketable securities with retention of preferential subscription rights as provided by the fourteenth resolution:

1. authorize the Board of Directors, with the option of sub-delegation, to increase, under the conditions set by the law, the number of shares or marketable securities to be issued with shareholders' preferential subscription rights, at the same price as set for the initial issue, for a thirty-day period from the end of the subscription and up to 15% of the initial issue;

2. decide that the par value amount of the increase in the issue determined in accordance with this resolution shall be deducted from the initial limit stipulated in the fourteenth resolution;

3. decide that the authorization thereby granted to the Board of Directors is valid for a period of twenty-six months starting from the date of this Shareholders' Meeting.

(1) Detail added to the fourteenth resolution as published in the BALO meeting notice of February 18, 2009.

Sixteenth resolution

(Delegation of authority for a 26-month period to perform 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. 3331-1 *et seq*. of the French Employment 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 granting access to share capital and that the total amount of share capital increases likely to be performed under this resolution and the seventeenth 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;
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, 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 Employment 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 Employment 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 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 Employment 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. give full powers to the Board of Directors with the option of sub-delegation under the conditions set by law, to set, within the limits described above, the various terms and conditions of the transaction and notably:
   - fix the criteria which the companies must meet in order for their employees to be entitled to benefit from the capital increases,
   - set 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. decide that this delegation of authority supersedes the delegation granted to the Board of Directors pursuant to the nineteenth resolution of the Extraordinary Shareholders' Meeting of May 7, 2008, for the amount of the non-utilized portion of such delegation.

Seventeenth resolution

(Delegation of authority for an 18-month period 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 times and in the proportions it shall deem appropriate, 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 granting access to share capital and that the total amount of share capital increases likely to be performed under this resolution and the sixteenth 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;
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 Employment 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 sixteenth 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 stock market 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 sixteenth 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,
   - set the list of the beneficiary (or beneficiaries) of 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 of such beneficiaries),
   - 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 market of Euronext Paris;
7. decide that this delegation granted to the Board of Directors is valid for a period of eighteen months starting from the date of this Shareholders' Meeting and that it supersedes the delegation granted to the Board of Directors pursuant to the twentieth resolution of the Extraordinary Shareholders' Meeting of May 7, 2008, for the amount of the non-utilized portion of such delegation.

ORDINARY SHAREHOLDERS' MEETING

Eighteenth 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' Reports

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.

I. 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 which were authorized by the Board of Directors during its meeting of February 13, 2009.

1. With Mr. Benoit 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 24 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 24 months prior to departure. It is specified that the indemnities referred to in paragraphs (a) and (b) may not be received concurrently.

Payment of the indemnity due in respect of a forced departure as mentioned above (i), and the taking into account of Mr.Potier's length of service as Chairman and Chief Executive Officer for the calculation of his statutory indemnity and that provided for by the collective bargaining agreement that may be paid, where applicable, on account of termination of his employment contract (ii), are 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 rights referred to in paragraphs (i) and (ii) above will depend on, and the amount of the indemnity paid pursuant to paragraph (i) 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*

Any statutory indemnity or indemnity provided for by the collective bargaining agreement that may be paid, where applicable, to Mr. Potier on account of termination of his employment contract, for the fraction of such indemnity that does not take into account Mr. Potier's length of service as Chairman and Chief Executive Officer, shall not be subject to the above-mentioned conditions.

If the sum of the statutory indemnity or the indemnity under the collective bargaining agreement that may be paid, where applicable, to Mr. Potier on account of termination of his employment contract prior to a forced departure, and the amount of the indemnity payable to him pursuant to the foregoing, exceeds 24 months' remuneration (calculated as specified above), this latter indemnity will be reduced such that the sum of the two indemnities is equal to 24 months' remuneration.

This agreement cancels and supersedes the decision made by the Board of Directors at its meeting of February 14, 2008 on the same subject.

2. With Mr. Klaus Schmieder

Termination indemnities

The Board decides that, in the event of the forced departure of Mr. Schmieder (removal from office, non-renewal of his duties, request for resignation) from his corporate office as Senior Executive Vice-President which takes place within a period of 24 months following the acquisition of the control of Air Liquide by a person acting alone or several persons acting in concert, the Company undertakes to pay Mr. Schmieder a fixed aggregate indemnity in full discharge equal to 12 months' gross fixed and variable remuneration, the calculation being based on the average monthly amount of gross fixed and variable remuneration received by Mr. Schmieder, on any basis whatsoever, during the 24 months prior to departure.

Payment of the indemnity due in respect of forced departure provided for above is subject to compliance with conditions related to Mr. Schmieder'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 such 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. Schmieder'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*

Any amounts, where applicable, that may be paid in accordance with the terms of the employment contract in the event that the salaried duties were also to be concurrently terminated will be added to the payment of such indemnity, without the combined payments made in respect of the employment contract and the forced departure exceeding 24 months' fixed and variable remuneration.

Any statutory indemnity or indemnity provided for by the collective bargaining agreement that may be paid, where applicable, to Mr. Schmieder in respect of termination of his employment contract, and any non-competition indemnity due in respect of such termination, shall not be subject to the above-mentioned conditions.

This agreement cancels and supersedes the decision made by the Board of Directors at its meeting of February 14, 2008, as restated by the Board of Directors on May 7, 2008 on the same subject.

3. With Mr. Pierre Dufour

Termination indemnities

The Board of Directors decides that, in the event of the 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

(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. Dufour a fixed aggregate indemnity in full discharge equal to 24 months' gross fixed and variable remuneration, the calculation being based on the average monthly amount of gross fixed and variable remuneration received by Mr. Dufour, on any basis whatsoever, during the 24 months prior to departure.

It is specified that the indemnities provided for in paragraphs (a) and (b) may not be received concurrently.

Payment of the indemnity due in respect of forced departure provided for above is subject to compliance with conditions related to Mr. Dufour'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 such 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. Dufour'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*

Any statutory indemnity or indemnity provided for by the collective bargaining agreement that may be paid, where applicable, to Mr. Dufour in respect of termination of his employment contract, and any non-competition indemnity due in respect of such termination, shall not be subject to the above-mentioned conditions.

If the sum of **(i)** any statutory indemnity or indemnity under the collective bargaining agreement which may be paid to Mr. Dufour on account of the termination of his employment contract prior to his forced departure as provided for above or concurrently with such departure, as well as any non-competition indemnity payable in respect of this termination or any other indemnity received on a similar basis from subsidiaries, and **(ii)** the indemnity payable to him in the event of forced departure, exceeds 24 months' remuneration, this latter indemnity will be reduced such that the sum of the indemnities is equal to 24 months' remuneration. In the event that this employment contract is not terminated concurrently with the above-mentioned forced departure, if the sum of **(i)** the statutory indemnity and the indemnity under the collective bargaining agreement as well as the non-competition indemnity to which he could claim entitlement as of such date had his employment contract been terminated as of such date and **(ii)** the indemnity payable to him pursuant to the foregoing, exceeds 24 months' remuneration (calculated as specified above), this latter indemnity will be reduced such that the sum of the indemnities is equal to 24 months' remuneration.

This agreement cancels and supersedes the decision made by the Board of Directors at its meeting of February 14, 2008, as restated by the Board of Directors on May 7, 2008 on the same subject.

Agreements and commitments authorized during the fiscal year

1. With BNP Paribas

Relevant director

Mr. Alain Joly

Nature, purpose and terms and conditions

At its meeting of May 7, 2008, the Board of Directors renewed the authorization given on November 8, 2007 to enter into a share buyback agreement with BNP Paribas for a maximum number of 600,000 shares that may be bought back within the scope of the authorisation granted by the Shareholders' Meeting.

Under the agreement concluded on June 16, 2008 for the period from June 17 to August 29, 2008, BNP Paribas, acting on its own behalf and not as an agent of Air Liquide, undertook to regularly purchase Air Liquide shares on the market, within the limit of two million shares and without exceeding the maximum purchase price of €165 authorized by the Combined Shareholders' Meeting of May 7, 2008. In this context, BNP Paribas undertook to sell to Air Liquide and Air Liquide undertook to buy a certain number of Air Liquide shares at a price to be set as agreed, determined based on the nominal amount of €51 million assigned to BNP Paribas to perform this transaction under the following terms and conditions:

- the average price of the shares purchased by Air Liquide from BNP Paribas is equal to the mathematical average of the volume weighted average prices of the Air Liquide share over the period ("VWAP"), less a discount;
- Air Liquide secured the financing of the transaction via a deposit in three instalments representing cash collateral in the amount of €51 million.

Under this agreement, Air Liquide purchased 613,115 shares from BNP Paribas for a total amount of €51 million.

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, 2007.

1. With Mr. Benoit 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 as existing before he assumed the duties of corporate officer, taking into account the changes in the remuneration of the Company's senior managers during the suspension period. He may also be entitled to variable remuneration.
- The employment contract shall add to the seniority acquired by Mr. Potier prior to the suspension, the seniority acquired under this term of office with all rights attached thereto, particularly for the retirement benefits from all pension schemes.

Pension plan

Mr. Potier benefits from the supplementary and additional defined contribution pension plans applicable to senior managers and executives for the portion of his remuneration amounting to up to sixteen times the French Social Security ceiling and the supplementary defined benefit pension plan applicable to senior managers and executives for the portion of the remuneration exceeding sixteen times the French Social Security ceiling.

Total pension benefits, under all pension plans of any kind, are capped at 45% of the average of the three best years of the last five years' total annual remuneration. For this calculation, the average of the total variable portions taken into account cannot exceed 100% of the average of the total fixed portions.

The amount of contributions paid by the Company in respect of the defined contribution pension plans in 2008 amounts to €77,242.

Compensation for the loss of pension rights in respect of the corporate office

In the event of termination of his corporate office before he reaches fifty-five years of age at the Company's initiative, and except in the event of serious misconduct or gross negligence, the Board of Directors has granted Mr. Potier an indemnity for the loss of his pension rights under the supplementary defined benefit pension plan applicable to senior managers and executives of the Company whose total remuneration exceeds sixteen times the French Social Security ceiling ("plan S"). This indemnity, corresponding to the pension annuity which Mr. Potier would have entitled to claim 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. In any event, this commitment will become null and void on the date of Mr. Potier's fifty-fifth birthday.

Payment of this indemnity will be subject to compliance with conditions related to Mr. Potier's performance assessed in light of the Company's own performance. Entitlement to these indemnities will depend on 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 seven financial years prior to the financial year in which the departure occurs. The performance conditions will be re-examined, notably at the time of each renewal of Mr. Potier's term of office.

Average variance (ROCE – WACC)	Percentage of the indemnity due
≥ 200 bp*	100%
≥ 100 bp and < 200 bp	50%
≥ 0 bp and < 100 bp	25%
< 0	0

** bp: basis points*

Death, disability and related benefits plan

Mr. Potier benefits, in his capacity as corporate officer, from the death, disability and related benefits plan applicable to senior managers and executives whose total remuneration exceeds eight times the annual social security ceiling. This plan guarantees the payment of benefits in the event of death or permanent and absolute disability.

The contributions paid by the Company in this respect in 2008 totaled €58,967.

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 2008 totaled €7,737.

2. With Mr. Klaus Schmieder

Pension plan

Mr. Schmieder benefits from the supplementary and additional defined contribution pension plans applicable to senior managers and executives for the portion of the remuneration up to sixteen times the French Social Security ceiling and the supplementary defined benefit pension plan applicable to senior managers and executives for the portion of the remuneration exceeding sixteen times the French Social Security ceiling.

Total pension benefits, under all pension plans of any kind, both in France and other countries, are capped at 45% of the average of the three best years of the last five years' total annual remuneration. For this calculation, the average of the total variable portions taken into account cannot exceed 100% of the average of the total fixed portions.

The contributions paid by the Company in respect of defined contribution plans in 2008 totaled €89,302.

3. With Mr. Pierre Dufour

Amendment to 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.

Pension plan

Mr. Dufour benefits from the supplementary and additional defined contribution pension plans applicable to senior managers and executives for the portion of the remuneration up to sixteen times the French Social Security ceiling and the supplementary defined benefit pension plan applicable to senior managers and executives for the portion of the remuneration exceeding sixteen times the French Social Security ceiling.

Total pension benefits, under all pension plans of any kind, both in France and other countries, are capped at 45% of the average of the three best years of the last five years' total annual remuneration. For this calculation, the average of the total variable portions taken into account cannot exceed 100% of the average of the total fixed portions.

The contributions paid by the Company in respect of defined contribution plans in 2008 totaled €77,242.

Death, disability and related benefits plan

Mr. Dufour benefits, in his capacity as a corporate officer, from the death, disability and related benefits plan applicable to senior managers and executives whose total remuneration exceeds eight times the annual French Social Security ceiling. This plan guarantees the payment of benefits in the event of death or permanent and absolute invalidity.

The contributions paid by the Company in respect of this plan in 2008 totaled €16,928.

Paris-La Défense and Courbevoie, March 12, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Statutory Auditors' Report
on the reduction in capital by the repurchase of shares to be cancelled (Art. L. 225-209 of the French Company Law (Code de commerce))

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 auditing 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 Company Law (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 procedures 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 Company Law (Code de commerce). Moreover, this purchase authorisation is proposed to your Shareholders' Meeting for approval and would be given for a period of 18 months (4th 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 24 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.

Paris-La Défense and Courbevoie, March 12, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Statutory Auditors' Report

on the issue of free share purchase warrants in the event of a public offering of the Company's shares

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 is construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-92 of the French Company Law (Code de commerce), we hereby report on the proposed free issue of share purchase warrants in the event of a public offering of the Company's shares, 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 within the limits set by the articles of association or by law, in accordance with Article L. 233-32 II of the French Company Law (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 Company Law (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 public offer;
- 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 public offer and shall be exercised within eighteen months from the date of the present Shareholders' Meeting.

The total nominal amount of shares thus issued may not exceed €717,600,000 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 Company Law (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 public offering of the Company's shares.

In accordance with Article R. 225-116 of the French Company Law (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 Company Law (Code de commerce), when your Board of Directors exercises its authorization.

Paris-La Défense and Courbevoie, March 12, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Statutory Auditors' Report

on the issuance of ordinary shares or marketable securities conferring entitlement, immediately and/or in the future, to the Company's share capital with retention of shareholder preferential subscription rights

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 is construed in accordance with French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in accordance with Article L. 228-92 of the French Company Law (Code de commerce), we hereby report on the proposed delegation of authority to your Board of Directors to decide on the issue of shares and marketable securities, an operation upon which you are called to vote. The total increase in capital that can be implemented immediately and/or at a future date may not exceed a nominal €350 million, which also includes the total increase in capital to be implemented under the proposed 16th and 17th resolutions. This limit would take into account the additional marketable securities to be issued in accordance with Article L. 225-135-1 of the French Company Law (Code de commerce), if the 15th resolution is adopted. The maximum nominal amount of convertible securities that may be issued under the present authorization may not exceed the limit proposed in the 13th resolution to the Shareholders' Meeting of May 7, 2008 and will be charged against that limit.

Your Board of Directors proposes, on the basis of its report, that it be authorized, for a period of twenty-six months, to decide on one or several share issues. If necessary, it shall determine the final conditions of this operation.

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 Company Law (Code de commerce). Our role is to report on the fairness of the financial information taken from the accounts and on the other information relating to the share issues, provided in this 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 information contained in the Board of Directors' report relating to this operation and the methods used for determining the issue price.

As this report does not specify the methods used to determine the issue price, we cannot report on the choice of constituent elements used to calculate the issue price.

In addition, as the price of the shares to be issued has not been determined, we cannot report on the final conditions for this share issue.

In accordance with Article R. 225-116 of the French Company Law (Code de commerce), we will issue a further report, if necessary, when your Board of Directors exercises its authority.

Paris-La Défense and Courbevoie, March 12, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Statutory Auditors' Report
on the increase in capital with cancellation of preferential subscription rights reserved for Company employees members of the Company's savings plan

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 auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 225-135 etc. and Article L. 228-92 of the French Company Law (Code de commerce), we hereby report on the proposal to grant your Board of Directors the ability to decide on an increase in capital by issuing ordinary shares, as well as marketable securities confering entitlement, now or in the future, to the Company's share capital, with cancellation of preferential subscription rights reserved for 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 Company Law (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 sixteenth resolution and the seventeenth resolution may not exceed the aforementioned par value amount of 30,250,000 euros;
- the maximum par value amount of share capital increases likely to be performed on the basis of the sixteenth resolution and the seventeenth resolution shall be deducted from the overall limit stipulated in the fourteenth resolution, that is to say 350 millions of euros.

This increase in capital is submitted for your approval in accordance with Articles L. 225-129-6 of the French Company Law and L. 3332-18 to L. 3332-24 of French Labour Law (Code du travail).

Your Board of Directors proposes, on the basis of its report, that it be granted the ability, with the option of subdelegation, for a period of 26 months, to decide on one or several increases in capital and to cancel your preferential subscription rights to the ordinary shares and marketable securities confering 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 Company Law (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 confering 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 confering 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 Company Law (Code de commerce), we will prepare an additional report, if necessary, when your Board of Directors exercises this ability.

Paris-La Défense and Courbevoie, March 12, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Statutory Auditors' Report

on the increase in capital with cancellation of preferential subscription rights reserved to any financial institution or subsidiary of such an institution mandated by 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 auditing 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 Company Law (Code de commerce), we hereby report on the proposal to grant your Board of Directors the ability to decide on an increase in capital by issuing ordinary shares as well as marketable securities confering 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 seventeenth resolution, to any financial institution or subsidiary of such an institution mandated by the Company. 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 sixteenth resolution and the seventeenth resolution may not exceed the aforementioned par value amount of 30,250,000 euros;
- the maximum par value amount of share capital increases likely to be performed on the basis of the sixteenth resolution and the seventeenth resolution shall be deducted from the overall limit stipulated in the fourteenth resolution that is to say 350 millions of euros.

Your Board of Directors proposes, on the basis of its report, that it be granted the ability, with the option of subdelegation for a period of 18 months, to decide on one or several increases in capital and to cancel your preferential subscription rights to the ordinary shares and marketable securities confering 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 Company Law (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 confering 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 confering entitlement to the Company's share capital , to be issued, provided in the Board of Directors report.

As the issue price of the ordinary shares and of the marketable securities confering entitlement to the Company's share capital, to be issued, 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.

Paris-La Défense and Courbevoie, March 12, 2009

The Statutory Auditors

MAZARS	ERNST & YOUNG Audit
Frédéric Allilaire	Olivier Breillot

Additional information

Share Capital

DELEGATIONS OF AUTHORITY GIVEN AT THE SHAREHOLDERS' MEETING

Type of authorization	Purpose of the authorization	Validity of the delegation	Maximum amount	Current utilization
Share buy-back	Purchase 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; ■ implementing share purchase option plans 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, 2008 for a period of 18 months Maximum price: 165 euros	10% of share capital, or 23,884,471 shares, for a maximum nominal amount of 3,940,937,715 euros	1,881,326 shares purchased (including 30,310 shares arising from the bonus share allotment of June 9, 2008) at an average purchase price of 86.20 euros. As of December 31, 2008, taking into account the shares cancelled and the shares purchased during the year, the Company directly held 1,183,385 shares at an average price of 63.95 euros, giving a total balance sheet value of 75,677,471 euros. Liquidity contract changes: 1,790,261 shares purchased (including 11,960 shares arising from the bonus share allotment of June 9, 2008) at an average price of 82.77 euros and 1,662,223 shares sold at an average price of 83.53 euros. As of December 31, 2008, under the liquidity contract, the balance sheet value of the 185,275 shares held stands at 11,678,554 euros (see Information on the completion of the Company's share buyback program page 218).
Cancellation of shares purchased by the Company	Reduce the number of shares outstanding and improve basic earnings per share.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 24 months	10% of share capital	The Board meeting of February 14, 2008 decided to cancel 2,916,350 shares for a total carrying amount of 272,333,891 euros or an average price of 93.38 euros (see Information on the completion of the Company's share buyback program page 218).
Share capital increase	Increase the share capital by the issuance of ordinary shares, with retention of the shareholders' preferential share subscription rights.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 26 months	For a maximum nominal amount of 250 million euros	This authorization was not used.
Share capital increase	To be able to increase the amount of ordinary shares issued with retention of the shareholders' preferential share subscription rights in the event of oversubscription.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 26 months	To be deducted from the aforementioned overall limit of 250 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 nominal amount of 250 million euros	In 2008, capitalization of 133.2 million euros deducted from "Additional paid-in capital" and "General reserves", by the creation of 23,630,910 bonus shares allocated to shareholders, in the ratio of one new share for 10 existing shares and 589,236 new shares allocated to shareholders corresponding to the 10% bonus allocation.

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 nominal amount of 27.5 million euros and a maximum of 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, 2008 for a period of 18 months	A nominal amount of 27.5 million euros and a maximum of 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, 2008, the outstanding amount of L'Air Liquide S.A. bond issues totaled 1.6 billion euros and 3.6 billion euros for the Group.
Issuance of share subscription warrants	Issue of bonus share subscription warrants in the event of public offer for the Company.	Granted during the Shareholders' Meeting on May 7, 2008 for a period of 18 months	A nominal amount of 714 million euros	This authorization was not used.
Allotment of share subscription options	Grant to employees, executive officers and/or members of Executive management options giving the right to subscribe to shares of the Company to be issued to increase the share capital or options giving the right 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 the day the options are granted	431,150 Air Liquide share subscription options were allocated by the Board of Directors on May 9, 2007. 4,000 Air Liquide share subscription options were allocated by the Board of Directors on November 8, 2007. 513,392 Air Liquide share subscription options were allocated by the Board of Directors on July 9, 2008. As of December 31, 2008, the Board of Directors retained a total of 4,269,905 options for potential allotment.
Conditional Grant of Shares to Employees (CGSE)	Subject to certain requirements, allocate 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 allocate bonus shares	116,138 bonus shares subject to performance requirements were allocated by the Board of Directors on July 9, 2008.

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						
January 19, 2006	Exercise of share subscription options	321,659	109,597,627	3,538,249	30,655,064	1,205,573,897
February 24, 2006	Cancellation of bought back shares	(550,000)	109,047,627	(6,050,000)	(71,008,508)	1,199,523,897
May 9, 2006	Exercise of share subscription options	156,326	109,203,953	1,719,586	14,082,368	1,201,243,483
May 10, 2006	Bonus share allotment (1 for 10)	10,920,395	120,124,348	120,124,345	(120,124,345)	1,321,367,828
July 12, 2006	Bonus share allotment (1 for 10) Loyalty premium	259,711	120,384,059	2,856,821	(2,856,821)	1,324,224,649
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	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 allotment (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 allotment (1 for 10)	5,745	259,915,153	31,597.50	(31,597.50)	1,429,533,341.50
June 9, 2008	Bonus share allotment (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 allotment (1 for 10)	2,260	260,889,697	12,430	(12,430)	1,434,893,333.50

CHANGES IN SHARE CAPITAL OWNERSHIP OVER THE LAST THREE YEARS

	2006	2007	2008
Individual shareholders	38%	37%	38 %
French institutional investors	24%	28%	26 %
Foreign institutional investors	37%	34%	35 %
Own shares held by the Company (directly and indirectly)	1%	1%	1 %

AMOUNT OF CAPITAL HELD BY EMPLOYEES

Since 1986, L'Air Liquide S.A. has given the employees of certain Group companies the possibility to subscribe for capital increases reserved for them. A total of 2,036,034 shares (excluding the share split and the allocation of bonus shares to shareholders) have been subscribed in this manner.

Pursuant to Article L. 225-102 of the French Commercial Code, it is specified that a total of 2,675,224 shares, representing 1% of capital and voting rights, were held by the employees of the Company and its subsidiaries within the meaning of Article L. 225-180 of the French Commercial Code as of December 31, 2008.

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)
2006	121,149,189	121,149,189	120,327,187
2007	238,844,710	238,844,710	236,503,060
2008	**260,922,348**	**260,922,348**	**259,480,632**

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.

IDENTITY OF THE HOLDERS OF CAPITAL AND VOTING RIGHTS

After having declared on August 21, 2007 that it held 5,5% of the share capital and voting rights, Legendre Holding 11, controlled by Eurazeo, notified on July 7, 2008 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.

On December 31, 2006 and December 31, 2008, no shareholder had notified holding 5% or more of the capital and voting rights.

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 R.C.S. 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.

Adress and phone number of the head office

75 quai d'Orsay, 75007 Paris - + 33 (0) 40 62 55 55

ARTICLES OF INCORPORATION

SECTION I

Name - Purpose - Head Office - Term

ART. 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 Incorporation.

The Company's name is "L'Air Liquide, Société anonyme pour l'Étude et l'Exploitation des procédés Georges Claude."

ART. 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.

ART. 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.

ART. 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

ART. 5: SHARE CAPITAL

The share capital has been set at 1,435,211,387.50 euros divided into 260,947,525 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.

ART. 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.

ART. 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.

ART. 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 Incorporation 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.

ART. 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.

ART. 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

ART. 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.

ART. 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.

ART. 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 Incorporation, 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.

ART. 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.

ART. 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 Incorporation 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.

ART. 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

ART. 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

ART. 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 Incorporation.

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.

ART. 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 Incorporation.

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

ART. 20: FISCAL YEAR

The fiscal year begins on January 1 and ends on December 31.

ART. 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

ART. 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

ART. 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 *(in euros)*	Paid	Net dividend [a] Bonus dividend [b]	Number of shares	Distribution
2006	May 15, 2007	4.00 [a]	121,149,189	484,596,756
		0.40 [b]	31,126,097	12,450,439
				497,047,195
2007	May 19, 2008	2.25 [a]	238,844,710	537,400,597
		0.22 [b]	61,587,166	13,549,177
				550,949,774
2008 [c]	May 18, 2009	2.25 [a]	260,922,348	602,028,572
		0.22 [b]	67,969,494	14,953,289
				616,981,861

(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 7, 2009.

MANAGEMENT OF THE COMPANY

Members of the Board of Directors or of the General Management Team are not related with any other member of the Board of Directors or of the General Management Team and have not been sentenced for fraud during at least the last 5 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 5 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 members of the Board of Directors or of the General Management Team.

There exists 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 Incorporation 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 which may be imposed on Executive Directors and officers to hold shares. The members of the Board of Directors 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 report on corporate governance principles of listed companies (see Report from the Chairman of the Board of Directors page 66).

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 Incorporation;
- 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, 2006, accompanied by the Statutory Auditors' Reports which appear on pages 142 and 164, respectively, of section 2 of the 2006 Reference Document filed on April 13, 2007 with the French Financial Markets Authority (AMF) under number D.07-0318;
- the financial information shown on pages 4 to 19 of the 2006 Annual Report serving as the 2006 Reference Document filed on April 13, 2007 with the French Financial Markets Authority (AMF) under number D.07-0318;
- the consolidated and parent company financial statements for the year ended December 31, 2007, accompanied by the Statutory Auditors' 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 sections not included in these documents serve no useful purpose to investors or are already covered in this Reference Document.

Elements that may have an impact in the event of a public offer

Pursuant to Article L. 225-100-3 of the French Commercial Code, the elements that may have an impact in the event of a public offer are set forth below.

BOARD OF DIRECTORS' POWERS

Pursuant to the provisions of the 15th resolution passed by the Extraordinary Shareholders Meeting of May 7, 2008, the Board of Directors benefits from an 18-month delegation of authority in order to issue free share subscription warrants if a public offer is launched on the Company. The nominal amount of the share capital increase that would result from the exercise of these warrants may not exceed 714 million euros (subject to adjustments).

It is furthermore specified that the authorization of the share buy-back currently benefiting to the Company excludes any buy-back during a period of public offering 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 7, 2009, tending to renew the above-mentioned delegation of authority to the Board of Directors empowering the Board to issue free share subscription warrants if a public offer is launched on the Company (see the Board of Directors' Report on the resolutions, page 220 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 anticipated repayment of such bonds may be requested in case 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 yens);
- issue of November 2008 (600 million euros);
- issue of December 2008 (200 million euros).

AGREEMENTS PROVIDING INDEMNITIES FOR BOARD MEMBERS OR EMPLOYEES IF THEY RESIGN OR ARE DISMISSED WITHOUT "ACTUAL AND SERIOUS" REASON OR IF THEIR EMPLOYMENT ENDS DUE TO A PUBLIC OFFER

The indemnities granted to the Company's corporate officers in the event of a termination of their office are detailed page 91 (Corporate Governance – Commitments related to termination of duties) 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 37, 40 to 64, 66 to 115 and 244 to 247 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 2008, available on page 189 in the Reference Document, contains an observation.

Benoît POTIER

Chairman and CEO

Cross-reference table for the Reference Document

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 Rreference 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 2007, filed on March 31, 2008 under the number D. 08-0171 (the “DDR 2007”), and the pages of the Reference Document related to the year ended December 2006, filed on April 13, 2007 under the number D. 07-0318 (le “DDR 2006”), which are incorporated by reference in this document.

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12.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects.	35
13.	**Profit Forecasts or Estimates**	
13.1	Statement setting out the principal assumptions upon which the issuer has based its forecast or estimate	N/A
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13.4	Statement on the correctness of a forecast included in the prospectus	N/A
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21.2.3	Description of the rights, preferences and restrictions attaching to each class of the existing shares	250
21.2.4	Description of actions to change the rights of holders of the shares	251
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21.2.6	Description of any provision that would have an effect of delaying, deferring or preventing a change in control of the issuer	258
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22.	**Material Contracts**	**18 to 20, 21 to 32**
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Cross-reference table for the Financial Annual Report

In order to facilitate the reading of this document, the reconciliation table, hereafter, allows to identify in this Registration 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 AMF's General Regulations.

Financial glossary

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.

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.

CAC 40 (Cotation assistée en continu – Continuous Automated Trading)

Stock market index, weighted by the free float, which tracks the 40 most actively traded stocks on the Euronext Paris regulated markets, according to size and liquidity criteria.

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 additionnal 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.

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.

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.

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 10 bonus share allocation, a shareholder holding 125 shares is allocated 12 new shares and 5 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.

Goodwill

Difference between the purchase price of a company and its net tangible assets on the day of the acquisition.

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: FR00000120073)

Liquidity

Ratio of the volume of shares traded over the total number of shares in circulation, which make up the capital.

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).

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.

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.

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. It is a measure of how many times the share price capitalizes earnings.

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 General Meeting of Shareholders.

Quorum

Minimum percentage of shares with voting rights required to be present or represented for a General Shareholders' Meeting to be validly constituted.

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.

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 buy, at a price set in advance, for a fixed period, a company's shares.

Stock split

Split of a share's par value to improve its liquidity. A stock 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.

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.

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.

Yield

Ratio of dividend per share over market price.

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Société anonyme pour l'Étude et l'Exploitation des Procédés Georges CLAUDE with registered capital of 1,435,211,387.50 euros

Financial notices (press releases, presentations and recordings of financial analysts' meetings) are available on **www.airliquide.com**

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